

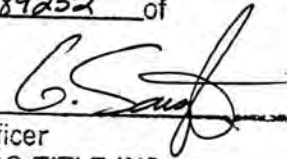
RECORDING REQUESTED BY:

CHICAGO TITLE COMPANY

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO &
PECKENPAUGH (SLT)
31365 Oak Crest Drive, Suite 200
Westlake Village, CA 91361

This will certify that this is a
true and correct copy of the original
instrument recorded 11-30-00
as Inst. No. 2000-189232 of
Official Records.


Title Officer
CHICAGO TITLE INS.

(Space Above for Recorder's Use)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WOODRIDGE
(Phase 7) (Shea Phase 5)

Covenants and restrictions, if any, based on race, color, religion, sex, handicap, familial status or national origin are deleted unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

**NOTICE OF ADDITION OF TERRITORY AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WOODRIDGE**

(Phase 7) (Shea Phase 5)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION ("Notice of Addition") is made by SHEA HOMES LIMITED PARTNERSHIP, a California limited partnership ("Declarant").

P R E A M B L E:

A. Declarant executed a Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Woodridge ("Declaration"). The Declaration was Recorded on October 11, 2000, as Instrument No. 2000-160263, in the Official Records of Ventura County, California ("Official Records"). The Declaration is binding upon all Owners of residential Lots in the planned development known as Woodridge ("Properties").

B. Declarant is the owner of certain real property ("Added Territory") in the City of Thousand Oaks, County of Ventura, California, described as follows:

Lots 35 to 38, inclusive and Lots 55 to 58, inclusive, and Lot 98, of Tract No. 5040-1, as shown on a Subdivision Map, Filed on June 29, 1999, in Book 138, Pages 54 to 69, inclusive, of Maps, in the Office of the Ventura County Recorder.

C. The Added Territory is part of the Annexable Territory as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of Development of the Properties.

THEREFORE, DECLARANT HEREBY DECLARES AS FOLLOWS:

1. Annexation of Added Territory. Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of Development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. Membership in Association. Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Woodridge Community Association ("Association"), a California nonprofit mutual benefit corporation, as provided in Section 3.3 of the Declaration.

3. Assessment Obligations. The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VI of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 6.8 of the Declaration.

4. Voting Rights. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory.

5. Common Area. Lot 98 of Tract No. 5040-1 is the Common Area in the Phase.

6. Designated Services Area. All of the Lots in the Added Territory are located in Designated Services Area No. 1. The private streets and drives constituting Common Area in the Phase are added to and included in Designated Services Area No. 1.

7. Fuel Modification Areas. The Fuel Modification Zone in the Phase is that portion of Lot 98 depicted on the drawing attached hereto as Exhibit A.

8. Landscape & Lighting Maintenance Areas. There are no Landscape & Lighting Maintenance Areas in the Phase.

9. Storm Drains. There are no storm drain easements in the Phase.

10. Single Story Lots. No Lots in the Phase are restricted to single story structures.

11. Maintenance Obligations. The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration.

12. Conformity with Development Plan. This Notice of Addition is in conformity with the development plan currently on file with the DRE and with Section 16.1 of the Declaration.

13. Miscellaneous. The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Area, shall be binding upon all

persons having or acquiring any interest in the Added Territory, the Properties, the Common Area, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Area, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

This Notice of Addition has been executed on 11/17 2000
to be effective as of the date of its Recordation.

SHEA HOMES LIMITED PARTNERSHIP, a
California limited partnership

BY: J.F. SHEA CO., INC., a Nevada corporation
its General Partner

By:

John Franklin, Assistant Secretary
(Name and Title)

By:

Takashi Fujii, Assistant Secretary
(Name and Title)
"Declarant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF Orange)

On Nov 17, 2000 before me, the undersigned, a Notary Public in
and for said State, personally appeared John Franklin and
Takashi Fujii, personally known to me ~~(or proved to me on the~~
~~basis of satisfactory evidence)~~ to be the person whose name is subscribed to the within
instrument and acknowledged to me that he executed the same in his authorized capacity, and
that by his signature on the instrument the person, or the entity upon behalf of which the person
acted, executed the instrument.

- WITNESS my hand and official seal.


Notary Public in and for said State

(SEAL)



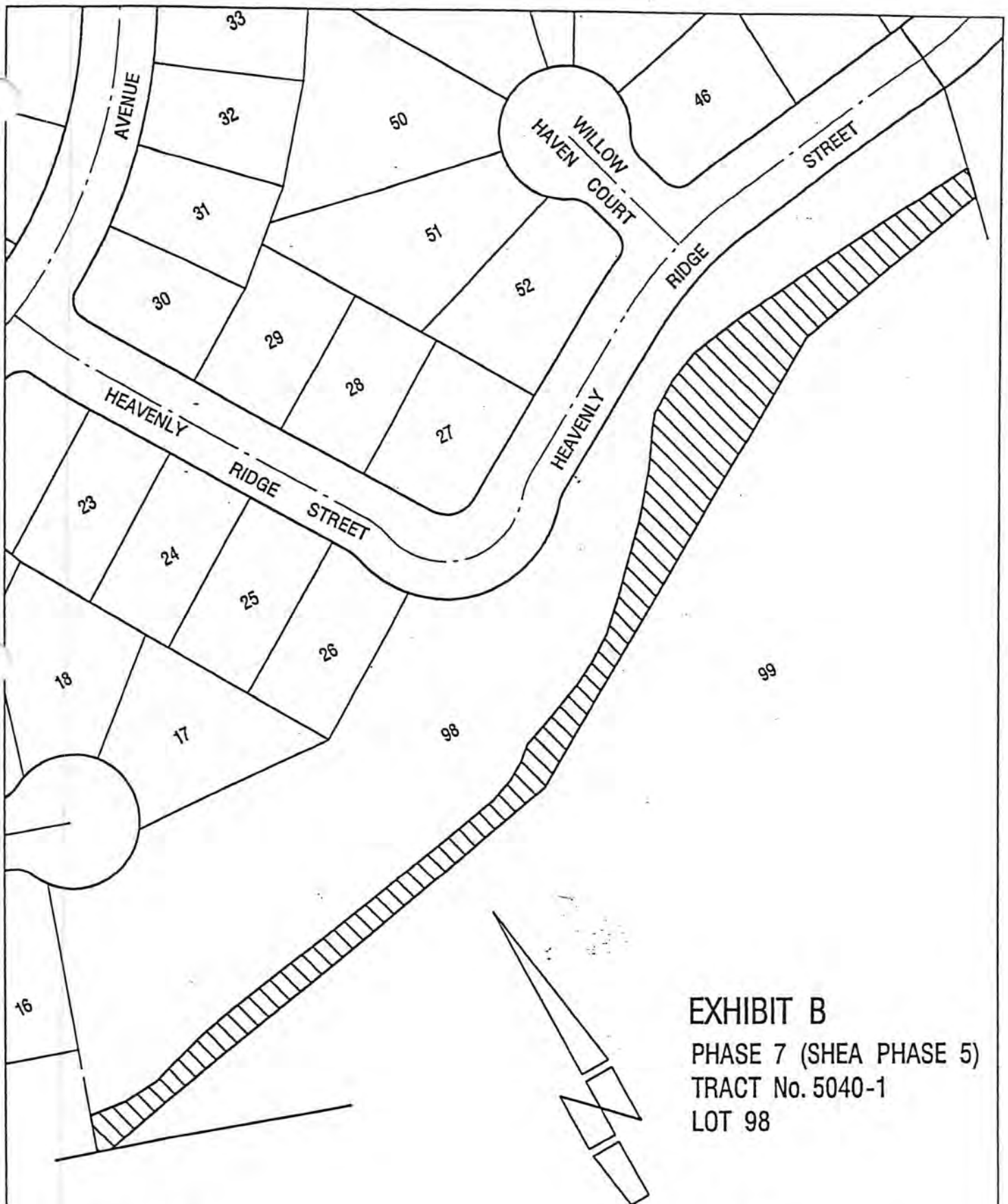
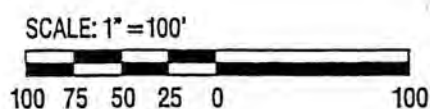


EXHIBIT B
PHASE 7 (SHEA PHASE 5)
TRACT No. 5040-1
LOT 98



PREPARED BY:
VTN WEST, INC.
6946 VAN NUYS BLVD., SUITE 100
VAN NUYS, CA. 91405-3963
818/779-8740/50-FAX



LEGEND:
FUEL MODIFICATION ZONE
WITHIN PHASE 7



Pursuant to Subdivision (b) of Section 12956.1 of the Government Code, the following notice is printed in 14-point boldface type.

NOTICE

If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.1 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

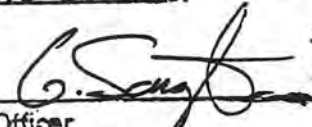
RECORDING REQUESTED BY:

CHICAGO TITLE
INSURANCE COMPANY

This will certify that this is a
true and correct copy of the original
instrument recorded 10-11-00
as Inst. No. 2000-160263 of
Official Records.

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO &
PECKENPAUGH (SLT)
31365 Oak Crest Drive
Suite 200
Westlake Village, CA 91361


Title Officer
CHICAGO TITLE INS.

(Space Above for Recorder's Use)

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
WOODRIDGE
A PLANNED RESIDENTIAL DEVELOPMENT**

TABLE OF CONTENTS

FOR

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS

AND RESERVATION OF EASEMENTS

FOR

WOODRIDGE

DESCRIPTION	PAGE
1. DEFINITIONS.....	2
1.1. Annexable Territory.....	2
1.2. ARC.....	2
1.3. Articles.....	2
1.4. Assessment.....	2
1.5. Assessment, Special.....	2
1.6. Association.....	2
1.7. Association Maintenance Areas.....	2
1.8. Association Maintenance Funds.....	3
1.9. Beneficiary.....	3
1.10. Board or Board of Directors.....	3
1.11. Budget.....	3
1.12. Bylaws.....	3
1.13. Capital Improvement Assessment.....	3
1.14. City.....	3
1.15. Close of Escrow.....	3
1.16. Common Area.....	4
1.17. Common Expenses.....	4
1.18. Declarant.....	4
1.19. Declaration.....	4
1.20. Deed of Trust.....	4
1.21. Designated Services Area.....	4
1.22. Designated Services Expenses.....	5
1.23. DRE.....	5
1.24. Family.....	5
1.25. FHA.....	5
1.26. FHLMC.....	5
1.27. Fiscal Year.....	5
1.28. FNMA.....	5
1.29. Fuel Modification Zone.....	5
1.30. GNMA.....	5
1.31. Guest Builder.....	5

TABLE OF CONTENTS (Contd.)

<u>DESCRIPTION</u>	<u>PAGE</u>
1.32. Improvement.	6
1.33. Lot.	6
1.34. Manager.	6
1.35. Member, Membership.	6
1.36. Mortgage.	6
1.37. Mortgagee, Mortgagor.	6
1.38. Notice and Hearing.	6
1.39. Notice of Addition.	6
1.40. Owner.	7
1.41. Perimeter Wall.	7
1.42. Person.	7
1.43. Phase 1.	7
1.44. Phase of Development.	7
1.45. Properties.	7
1.46. Reconstruction Assessment.	7
1.47. Record, File, Recordation.	7
1.48. Residence.	7
1.49. Restrictions.	7
1.50. Rules and Regulations.	8
2. OWNER'S PROPERTY RIGHTS AND PROJECT EASEMENTS.	8
2.1. Owners' Easements of Enjoyment.	8
2.2. Easements for Vehicular/Pedestrian Traffic.	9
2.3. Easements for Public Service Use.	9
2.4. Waiver of Use.	9
2.5. Easements for Water and Utility Purposes.	9
2.6. Easement - Fuel Modification Zones.	10
2.7. Easement - Landscape & Lighting Maintenance Areas.	10
2.9. Easement - Association Maintenance Areas.	10
2.10. Easement for Declarant Over Common Area.	10
2.11. Delegation of Use.	10
2.12. Right to Grant Easements.	10
3. WOODRIDGE COMMUNITY ASSOCIATION.	11
3.1. Organization of Association.	11
3.2. Duties and Powers.	11
3.3. Membership.	11
3.4. Transfer.	11

TABLE OF CONTENTS (Contd.)

<u>DESCRIPTION</u>	<u>PAGE</u>
4. VOTING RIGHTS.	12
4.1. Classes of Voting Membership.	12
4.2. Voting Rights.	13
5. JURISDICTION OF ASSOCIATION.	14
5.1. Commencement of Association Maintenance Obligations.	14
5.2. Authority of Association.	14
6. COVENANT FOR MAINTENANCE ASSESSMENTS.	15
6.1. Creation of Assessment Obligation.	15
6.2. Maintenance Funds.	16
6.3. Purpose of Annual Assessments.	16
6.4. Annual Assessments.	17
6.5. Limitations on Annual Assessment Increases.	18
6.6. Capital Improvements.	22
6.7. Uniform Rate of Assessment.	23
6.8. Date of Commencement of Annual Assessments.	23
6.9. Exempt Property.	24
6.10. Level Assessment Procedure.	24
7. NONPAYMENT OF ASSESSMENTS; REMEDIES.	25
7.1. Nonpayment of Assessments; Remedies.	25
7.2. Notice of Delinquent Assessment.	25
7.3. Foreclosure Sale.	26
7.4. Curing of Default.	26
7.5. Cumulative Remedies.	26
7.6. Mortgage Protection.	27
7.7. Priority of Assessment Lien.	27
7.8. Receivers.	27
7.9. Alternative Dispute Resolution.	28
8. ARCHITECTURAL CONTROL.	28
8.1. Members of Committee.	28
8.2. Review of Plans and Specifications.	29
8.3. Meetings of the ARC.	30
8.4. No Waiver of Future Approvals.	30
8.5. Compensation of Members.	30
8.6. Inspection of Work.	30
8.7. Scope of Review.	31

TABLE OF CONTENTS (Contd.)

<u>DESCRIPTION</u>	<u>PAGE</u>
8.8. Variance.	31
8.9. Appeals.	31
9. MAINTENANCE AND REPAIR OBLIGATIONS.	32
9.1. Maintenance Obligations of Owners.	32
9.2. Maintenance Obligations of Association.	32
9.3. Party Walls.	33
9.4. Damage to Common Area by Owners.	33
9.5. Damage to Residences-Reconstruction.	33
9.6. Inspection.	34
10. USE RESTRICTIONS.	35
10.1. Single Family Residence.	35
10.2. Business or Commercial Activity.	35
10.3. Nuisances.	35
10.4. Signs.	36
10.5. Parking and Vehicular Restrictions.	37
10.6. Animal Restrictions.	38
10.7. Trash.	38
10.8. Temporary Buildings.	38
10.9. Common Area Facilities.	38
10.10. Outside Installations.	39
10.11. Antennae.	39
10.12. Drilling.	40
10.13. Further Subdivision.	40
10.14. Drainage.	40
10.15. Water Supply Systems.	41
10.16. Inside Installations.	41
10.17. Solar Energy Systems.	41
10.18. Installation of Front Yard Landscaping.	41
10.19. Rights of Disabled.	41
10.20. Marketing Name.	41
10.21. Site Illumination and Light Spillover Control.	41
10.22. Pollutant Control.	42
10.23. Single Story Construction.	42
11. DAMAGE AND CONDEMNATION.	42

TABLE OF CONTENTS (Contd.)

<u>DESCRIPTION</u>	<u>PAGE</u>
12. INSURANCE.	43
12.1. Casualty Insurance.	43
12.2. Waiver of Subrogation.	44
12.3. Liability and Other Insurance.	44
12.4. Notice of Expiration Requirements.	45
13. RIGHTS OF MORTGAGEES.	45
14. DECLARANT AND GUEST BUILDER EXEMPTION.	47
15. GENERAL PROVISIONS.	49
15.1. Enforcement of Restrictions.	49
15.2. Severability.	50
15.3. Term.	50
15.4. Interpretation.	50
15.5. Termination and Amendment.	51
15.6. No Public Right or Dedication.	52
15.7. Constructive Notice and Acceptance.	52
15.8. Reservation of Easements.	53
15.9. Notices.	53
15.10. Enforcement of Bonded Obligations.	53
15.11. Nonliability and Indemnification.	54
15.12. Priorities and Inconsistencies.	55
15.13. Mergers or Consolidations.	55
15.14. Disputes with Declarant Parties.	56
15.15. Additional Provisions.	61
15.16. No Representations or Warranties.	61
15.17. Electric Power Lines	61
15.18. Post-Tension Slabs.	62
15.19. Calleguas Water District Reservoir.	62
15.20. Effect of Expansive Soil.	62
15.21. Entry Facilities.	63
15.22. Security and Privacy Disclaimer.	63
15.23. View Obstructions.	64
15.24. Lighting and Landscape District 79-2	64

TABLE OF CONTENTS (Contd.)

<u>DESCRIPTION</u>	<u>PAGE</u>
16. ANNEXATION OF ADDITIONAL PROPERTY.....	64
16.1. Additions by Declarant.	64
16.2. Other Additions.	64
16.3. Rights of Added Territory Members.	64
16.4. Notice of Addition.	65
16.5. Deannexation and Amendment.	65

EXHIBITS

EXHIBIT A	- ARTICLES OF INCORPORATION OF THE ASSOCIATION
EXHIBIT B	- BYLAWS OF THE ASSOCIATION
EXHIBIT C	- LEGAL DESCRIPTION OF ANNEXABLE TERRITORY
EXHIBIT D	- DRAWINGS SHOWING LOCATION OF ASSOCIATION MAINTENANCE AREAS IN PHASE 1
EXHIBIT E	- DRAWING SHOWING LOCATION OF PERIMETER WALLS IN PHASE 1
EXHIBIT F	- DRAWING SHOWING LOCATION OF FUEL MODIFICATION ZONES IN PHASE 1 TO BE MAINTAINED BY ASSOCIATION
EXHIBIT G	DRAWING SHOWING LOCATION OF CALLEGUAS MUNICIPAL WATER DISTRICT RESERVOIR
EXHIBIT H	WALL/FENCE TREATMENT
EXHIBIT I	DRAWINGS SHOWING LOCATION OF LANDSCAPE & LIGHTING MAINTENANCE AREAS IN PHASE 1
EXHIBIT J	DRAWINGS SHOWING LOCATION OF STORM WATER DRAINAGE EASEMENTS
EXHIBIT K	LOTS IN PHASE 1 RESTRICTED TO SINGLE STORY STRUCTURES

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
WOODRIDGE**

THIS DECLARATION is made by SHEA HOMES LIMITED PARTNERSHIP, a California limited partnership ("Declarant").

P R E A M B L E:

A. Declarant is the Owner of real property ("Phase 1") in the City of Thousand Oaks, County of Ventura, State of California, described as follows:

Lots 7 to 21, inclusive, of Tract No. 5040-1, as shown on a Subdivision Map, Recorded on June 29, 1999, in Book 138, Pages 54 to 69, inclusive, of Maps, in the Office of the Ventura County Recorder.

B. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Properties (as hereinafter defined), to create a "planned development," within the meaning of Section 1351(k) of the California Civil Code, pursuant to the Davis-Stirling Common Interest Development Act. The Properties are planned to constitute a "subdivision" as defined in Section 11000 of the California Business and Professions Code. The general plan of development of the Properties will include a corporation formed pursuant to the California Nonprofit Mutual Benefit Corporation Law to which will be assigned the powers of (1) owning, maintaining and administering the Common Area and maintaining the Association Maintenance Areas, (2) administering and enforcing the Restrictions, and (3) collecting and disbursing the assessments and charges hereinafter created. Declarant will or has caused such corporation, the Members of which will be the Owners of Lots in the Properties, to be formed to exercise such powers, as required by Section 1363 of the California Civil Code.

C. Declarant intends to develop and convey all of the Properties pursuant to a general plan and subject to the protective covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth herein, pursuant to the Davis-Stirling Common Interest Development Act. Declarant may execute, acknowledge and Record a Supplemental Declaration of Restrictions ("Supplemental Declaration") affecting solely a Phase of Development, so long as Declarant owns all of the real property to be affected by such Supplemental Declaration. Such Supplemental Declaration shall not conflict with the provisions of this Declaration, but may impose further conditions, covenants and restrictions for the operation, protection and maintenance of that Phase of Development.

fencing, lying within the Properties, and fencing separating open space areas from streets within the Properties. The approximate location of the Association Maintenance Areas in Phase I are depicted on the drawings which are marked **Exhibit D**, attached hereto and incorporated herein by this reference; provided that the precise location of such Association Maintenance Areas shown on **Exhibit D** shall be defined by the Improvements originally constructed or installed by Declarant. Portions of the Perimeter Wall designated for maintenance by the Association and Fuel Modification Zones designated in **Exhibit F** or in a Notice of Addition are Association Maintenance Areas. Additional Association Maintenance Areas may be designated by Declarant in a Notice of Addition.

1.8. Association Maintenance Funds. Association Maintenance Funds means the accounts created for Association receipts and disbursements pursuant to Article VI hereof.

1.9. Beneficiary. Beneficiary means a Mortgagee under a Mortgage or a Beneficiary under a Deed of Trust and the assignees of such Mortgagee or Beneficiary.

1.10. Board or Board of Directors. Board or Board of Directors means the Association's Board of Directors.

1.11. Budget. Budget means a written, itemized estimate of the Association's income and Common Expenses prepared pursuant to the Bylaws.

1.12. Bylaws. Bylaws means the Bylaws of the Association as adopted by the Board initially in the form of **Exhibit B** attached hereto and incorporated herein by this reference, as amended or restated.

1.13. Capital Improvement Assessment. Capital Improvement Assessment means a charge against the Owners and their Lots representing their share of the Association's cost for installing or constructing capital Improvements on the Common Area. Capital Improvements Assessments shall be levied in the same proportion as Annual Assessments. Capital Improvement Assessments are special assessments as described in California Civil Code Section 1366.

1.14. City. City means the City of Thousand Oaks, in the County of Ventura, State of California, and its various departments, divisions, employees and representatives.

1.15. Close of Escrow. Close of Escrow means the date on which a deed is Recorded conveying a Lot pursuant to a transaction requiring the issuance of a Final Subdivision Public Report by the DRE. Among other exempt transactions, the term "Close of Escrow" shall not include the Recordation of a deed (i) between Declarant and (a) any successor to any rights of Declarant under this Declaration, or (b) any Guest Builder, or (ii) between Guest Builders.

1.16. Common Area. Common Area means all the real property and Improvements which are owned by the Association. The Common Area at the time of the first Close of Escrow in Phase 1 includes vehicular and pedestrian access easements over the streets and drives in Parcels A, B, C, D and E of Tract 5040-1, and an emergency access easement over the streets and drives in Parcel J of Tract 5040-1 which will be conveyed to the Association; the private streets and drives will not constitute Common Area unless and until so designated in a recorded instrument. Additional Common Area may be annexed to the Properties pursuant to Article XVI hereof.

1.17. Common Expenses. Common Expenses means those expenses for which the Association is responsible under this Declaration excepting Designated Services Expenses, but including the actual and estimated costs of: maintaining, managing, operating, repairing and replacing the Common Area and the Association Maintenance Areas including parkway areas and cattle gate; unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments; any commonly metered utilities and other commonly metered charges for the Properties; managing and administering the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; all utilities, gardening, trash pickup and other services benefitting the Common Area and the Association Maintenance Areas; maintaining clustered mailboxes and address identification signs; fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering the Properties and the directors, officers and agents of the Association; bonding the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Properties, or portions thereof; and all other items incurred by the Association for any reason whatsoever in connection with the Properties, for the common benefit of the Owners.

1.18. Declarant. Declarant means SHEA HOMES LIMITED PARTNERSHIP, a California limited partnership, its successors and any Person to which it shall have assigned any rights hereunder by express written assignment. As used in this Section, "successor" means a Person who acquires Declarant or substantially all of its assets, or who merges with Declarant, by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise.

1.19. Declaration. Declaration means this instrument as amended or restated.

1.20. Deed of Trust. Deed of Trust means a Mortgage as defined herein.

1.21. Designated Services Area. Designated Services Area means a group of Lots that share the costs of either (i) maintaining, repairing and replacing specified Improvements on portions of the Common Area, or (ii) receiving certain services or programs provided by the Association. Designated Services Areas may be designated by Declarant in this Declaration or any Supplemental Declaration when Declarant, in its sole discretion, determines that a group of Lots benefits more from the Improvements or services than the Properties as a whole. The Lots in Phase 1 are in Designated Services Area No. 1 for maintenance of private

streets and drives and manned access gates constituting Common Area in such Phase. Additional Lots and Improvements may be included in Designated Services Area No. 1 by a Notice of Addition.

1.22. Designated Services Expenses. Designated Services Expenses means those expenses for which the Association is responsible under this Declaration (of the type listed in Section 1.17 of this Declaration) attributable solely to any Designated Services Area.

1.23. DRE. DRE means the California Department of Real Estate and its successors.

1.24. Family. Family means (a) one or more natural persons related to each other by blood, marriage or adoption, or (b) a group of natural persons not all so related, but who maintain a common household in a Residence on a Lot.

1.25. FHA. FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government which succeeds to FHA's function of insuring notes secured by Mortgages on residential real estate.

1.26. FHLMC. FHLMC means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970, and its successors.

1.27. Fiscal Year. Fiscal Year means the fiscal accounting and reporting period of the Association selected by the Board.

1.28. FNMA. FNMA means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and its successors.

1.29. Fuel Modification Zone. Fuel Modification Zone is an area within which no combustible structures may be placed. Recreational amenities such as pools, spas, and other hardscape areas may be constructed within those portions of a Fuel Modification Zone located on a separately owned Lot. The Fuel Modification Zones in Phase 1 are located as depicted on *Exhibit F* attached hereto. Additional Fuel Modification Zones may be designated by Declarant in a Notice of Addition.

1.30. GNMA. GNMA means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and its successors.

1.31. Guest Builder. Guest Builder means Pinnacle Thousand Oaks 99, L.P., a California limited partnership, and any Person who acquires a portion of the Properties for the

purpose of developing such portion for resale to the general public and who is designated by Declarant in writing as a Guest Builder. The term "Guest Builder" shall not mean Declarant, unless a Guest Builder has been assigned in writing one or more Declarant rights or exemptions as specifically set forth in this Declaration.

1.32. Improvement. Improvement means any structure or appurtenance thereto, including, but not limited to, buildings, walkways, sprinkler pipes, carports, roads, driveways, parking areas, fences, screening walls, block walls, retaining walls, stairs, decks, landscaping, antennae, the paint on all exterior surfaces, hedges, windbreaks, patio covers, railings, plantings, planted trees and shrubs, poles, signs, storage areas, exterior air conditioning and water-softening fixtures or equipment.

1.33. Lot. Lot means any residential Lot or parcel of land shown upon any Recorded subdivision map or Recorded parcel map of any portion of the Properties, with the exception of the Common Area.

1.34. Manager. Manager means the Person employed by the Association as an employee, an agent or an independent contractor, to perform functions of the Association as limited by the Restrictions and the terms of the agreement between the Association and said Person.

1.35. Member, Membership. Member means any Person holding a Membership. Membership means the property, voting and other rights and privileges of Members as provided in the Restrictions, together with the correlative duties and obligations contained therein.

1.36. Mortgage. Mortgage means any Recorded mortgage or deed of trust or other conveyance of one or more Lots or other portion of the Properties to secure the performance of an obligation, which will be reconveyed upon the completion of such performance.

1.37. Mortgagee, Mortgagor. Mortgagee means a Person to whom a Mortgage is made and includes the Beneficiary of a Deed of Trust. Mortgagor means a Person who mortgages his or her Lot to another (i.e., the maker of a Mortgage), and includes the Trustor of a Deed of Trust. The term "Trustor" is synonymous with the term "Mortgagor" and the term "Beneficiary" is synonymous with the term "Mortgagee."

1.38. Notice and Hearing. Notice and Hearing means written notice and a hearing before the Board as provided in the Bylaws.

1.39. Notice of Addition. Notice of Addition means an instrument Recorded pursuant to Article XVI hereof to annex additional real property to the Properties.

1.40. Owner. Owner means the Person or Persons, including Declarant or any Guest Builder, holding fee simple interest of record to any Lot. The term "Owner" includes a seller under an executory contract of sale but excludes Mortgagees.

1.41. Perimeter Wall. Perimeter Wall shall mean certain walls surrounding the Properties. The Perimeter Wall in Phase 1 is depicted on *Exhibit E* attached hereto. Additional portions of the Perimeter Wall may be depicted in a Notice of Addition. The precise location of the Perimeter Wall shall be defined by the Improvements originally constructed or installed by Declarant.

1.42. Person. Person means a natural individual or any other entity with the legal right to hold title to real property.

1.43. Phase 1. Phase 1 means all of the real property described in Paragraph A of the Preamble of this Declaration.

1.44. Phase of Development. Phase of Development or Phase means each of the following: (a) Phase 1 and (b) all the real property covered by a Notice of Addition, for which a Final Subdivision Public Report has been issued by the DRE, unless otherwise defined in such Notice of Addition.

1.45. Properties. Properties means (a) Phase 1, and (b) each Phase of Development described in a Notice of Addition. The Properties are a "common interest development" and a "planned development" as defined in Sections 1351(c) and 1351(k), respectively, of the California Civil Code.

1.46. Reconstruction Assessment. Reconstruction Assessment means a charge against the Owners and their Lots representing their share of the Association's cost to reconstruct any improvements on the Common Area. Such charge shall be levied among all Owners and their Lots in the same proportions as Annual Assessments. Reconstruction Assessments are "special assessments" as described in California Civil Code Section 1366.

1.47. Record. File. Recordation. Record, File, or Recordation means, with respect to any document, the recordation or filing of such document in the office of the County Recorder.

1.48. Residence. Residence means a building located on a Lot designed and intended for use and occupancy as a residence by a single Family.

1.49. Restrictions. Restrictions means this Declaration, the Articles, Bylaws and the Rules and Regulations of the Association.

1.50. Rules and Regulations. Rules and Regulations means the rules and regulations adopted by the Board pursuant to this Declaration or the Bylaws, as amended.

ARTICLE II

2. OWNER'S PROPERTY RIGHTS AND PROJECT EASEMENTS.

2.1. Owners' Easements of Enjoyment. Every Owner has a right and easement of ingress and egress and of enjoyment in, to and over the Common Area, and such easement is appurtenant to and shall pass with title to every Lot, subject to the following:

(a) The Association's right to reasonably limit the number of guests and tenants of the Owners using the Common Area;

(b) The Association's right to establish uniform Rules and Regulations for the use of the Common Area;

(c) The Association's right in accordance with the Restrictions, with the vote or written assent of two-thirds (2/3) of the Association's voting power, to (i) borrow money for the purpose of improving, repairing, or adding to the Common Area or for improving the Association Maintenance Areas or for any other purpose authorized by the Articles, Bylaws or this Declaration, and (ii) in aid thereof, subject to the provisions of Article XIII hereof, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners;

(d) Subject to the provisions of Articles V and XIII hereof, the Association's right to transfer the Common Area for such purposes and subject to such conditions as may be agreed to by the Members;

(e) The right of Declarant and its sales agents, representatives and prospective purchasers to the nonexclusive use of the Common Area, without cost, for access, ingress, egress, use and enjoyment, in order to show and dispose of the Properties and the Annexable Territory as provided herein, until the last Close of Escrow in the Properties and the Annexable Territory; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein;

(f) Declarant's rights and reservations set forth in Article XIV of this Declaration;

(g) The Association's right to reconstruct, replace or refinish any Improvement or portion thereof on the Common Area and Association Maintenance Areas;

(h) The Association's right to maintain and repair the Common Area, including without limitation the right to replace and plant landscaping Improvements upon any portion of the Common Area;

(i) The Association's right to convey access easements over portions of the Common Area to the City or any non-profit organization designated by the City for maintenance or preservation of open space;

(j) The Association's right to reasonably restrict access to portions of the Common Area; and

(k) The easements, rights and interests reserved in Article II and Section 15.8 of this Declaration.

2.2. Easements for Vehicular/Pedestrian Traffic. In addition to the general easements for use of the Common Area reserved herein, Declarant hereby reserves for the benefit of all Owners, nonexclusive easements appurtenant to all the Lots in the Properties for vehicular and pedestrian traffic over the private streets and walkways within the Common Area, subject to the parking provisions set forth in Section 10.5 hereof.

2.3. Easements for Public Service Use. In addition to the foregoing easements over the Common Area, Declarant hereby reserves easements over the Properties for public services of the City, including but not limited to, the right of law enforcement and fire protection personnel to enter upon any part of the Properties for the purpose of carrying out their official duties.

2.4. Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release his Lot from the liens and charges hereof, by waiving the use and enjoyment of the Common Area or any facilities thereon or by abandonment of such Owner's Lot.

2.5. Easements for Water and Utility Purposes. In addition to the foregoing easements over the Common Area, Declarant hereby reserves easements over the Properties for public and private utility purposes, including but not limited to, the right of any public utility or mutual water district of ingress or egress over the Common Area for purposes of reading and maintaining meters, and using and maintaining fire hydrants located in the Properties, and for construction and maintenance of storm drains over the portions of the Properties depicted in *Exhibit J* or in a Notice of Addition.

2.6. Easement - Fuel Modification Zones. Declarant hereby expressly reserves nonexclusive easements over the Properties for the creation and maintenance of Fuel Modification Zones in the locations depicted on *Exhibit F*. Declarant or a Guest Builder may designate additional Fuel Modification Zones in a Notice of Addition.

2.7. Easement - Landscape & Lighting Maintenance Areas. Declarant hereby expressly reserves nonexclusive easements over the Properties for the benefit of Lighting and Landscape District 79-2 in the locations depicted on *Exhibit I*. Declarant or a Guest Builder may designate additional Landscape & Lighting Maintenance Areas in a Notice of Addition.

2.8. Taxes. Each Owner shall take such action as the Association may reasonably specify to obtain separate real estate tax assessment of each Lot. If any taxes or assessments may, in the Association's opinion, become a lien on the Common Area or any part thereof, the Association may pay them as a Common Expense.

2.9. Easement - Association Maintenance Areas. Declarant hereby expressly reserves for the benefit of the Association an easement over the Association Maintenance Areas for maintenance thereof and over the Lots for access, ingress and egress necessary to such maintenance. Subject to the procedures described in Article VIII hereof, no Owner may interfere with the Association's exercise of its rights under the easement reserved in this Section. In addition, no Owner may alter or remove the Improvements on the Common Area or the Association Maintenance Areas.

2.10. Easement for Declarant Over Common Area. Declarant hereby expressly reserves for its benefit, for the benefit of its agents, employees and contractors, and for the benefit of its successors and assigns, a nonexclusive easement appurtenant to the Annexable Territory, in, to, and over the Common Area for access, ingress, egress, use and enjoyment, in order to show the Properties or Annexable Territory to its prospective purchasers, or to develop, market, sell, lease or otherwise dispose of the Properties or the Annexable Territory. Such easement shall continue for so long as Declarant owns any Lot in the Properties.

2.11. Delegation of Use. Any Owner entitled to the right and easement of use and enjoyment of the Common Area may delegate those rights and easements to such Owner's tenants, contract purchasers or subtenants who reside in such Owner's Residence, subject to reasonable regulation by the Board.

2.12. Right to Grant Easements. Declarant hereby reserves, together with the right to grant and transfer the same, easements over the Common Area, or any portion thereof, for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, and/or landscaping area. Any such easement may be conveyed by the Declarant prior to the last Close of Escrow for sale of a Lot in the Properties. Such conveyance must be approved in advance by the Board of Directors of the Association. The purpose of the easement, the portion of the Common Area affected, the Lot to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in the Recorded grant of easement.

ARTICLE III

3. WOODRIDGE COMMUNITY ASSOCIATION.

3.1. Organization of Association. The Association is or shall be incorporated under the name of Woodridge Community Association, as a corporation not for profit organized under the California Nonprofit Mutual Benefit Corporation Law, as required by Section 1363 of the California Civil Code.

3.2. Duties and Powers. The Association has the duties and powers set forth in the Restrictions and also has the general and implied powers of a nonprofit mutual benefit corporation, generally to do all things that a corporation organized under the laws of the State of California may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers set forth in the Restrictions.

3.3. Membership. Every Owner shall automatically be a Member and shall remain a Member until such Owner's Lot ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot is the sole qualification for Membership. Memberships are not assignable except to the Person to whom title to the Lot has been transferred, and every Membership is appurtenant to and may not be separated from the fee ownership of such Lot.

3.4. Transfer. The Membership of any Owner may not be transferred, pledged or alienated in any way, except upon the transfer or encumbrance of such Owner's Lot, and then only to the transferee or Mortgagee of such Lot. A prohibited transfer is void and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Lot to a contract purchaser under an agreement to purchase may delegate his Membership rights to the contract purchaser. The delegation must be in writing and must be delivered to the Board before the contract purchaser may vote. The contract seller shall remain liable for all charges and assessments attributable to the contract seller's Lot which accrue before fee title to the Lot is transferred. If an Owner fails or refuses to transfer his Membership to the purchaser of such Owner's Lot upon transfer of fee title thereto, the Board may record the transfer upon the Association's books. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser will not be entitled to vote at Association meetings. The Association may levy a reasonable transfer fee against a new Owner and such Owner's Lot (which fee shall be paid through escrow or added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the Membership to the new Owner on the Association's records. Such fee may not exceed the Association's actual cost involved in changing its records.

ARTICLE IV

4. VOTING RIGHTS.

4.1. Classes of Voting Membership. The Association classes of voting Membership are as follows:

Class A. Class A Members are all Owners except Declarant and Guest Builders for so long as there exists a Class B Membership. Class A Members are entitled to one (1) vote for each Lot owned by such Class A Members which is subject to assessment. Declarant and Guest Builders shall become Class A Members upon conversion of the Class B Memberships as provided below. When more than one (1) Person owns any Lot, all such Persons are Members. The vote for such Lot shall be exercised in accordance with Section 4.2, but no more than one (1) Class A vote may be cast for any Lot.

Class B. The Class B Members are Declarant and any Guest Builders. Each Class B Member is entitled to three (3) votes for each Lot owned by it which is subject to assessment. The Class B Membership shall be converted to Class A Membership upon the first to occur of the following events:

- (a) The second anniversary of the first Close of Escrow in the most recent Phase; or
- (b) The fourth anniversary of the first Close of Escrow in Phase 1.

Class C. The Class C Member shall be Declarant irrespective of whether Declarant is an Owner. The Class C Membership shall not be considered a part of the voting power of the Association and no Class C Member is entitled to exercise any Class C vote except for the purpose of electing those members of the Board which the Class C Membership is entitled to elect under this Declaration. The Class C Membership is entitled to solely elect a majority of the members of the Board of Directors until the Class C Termination Date. However, notwithstanding anything contained in this Declaration to the contrary, the Class C Member shall not be entitled (using the Class C vote or Class B vote, or otherwise) to elect more than eighty percent (80%) of the members of the Board of Directors. The "Class C Termination Date" shall be the first to occur of the following events:

- (a) When seventy-five percent (75%) of the separate residential interests in the Properties have been conveyed to Class A Members; or
- (b) The fourth (4th) anniversary of the first Close of Escrow in the Phase of Development for which a Public Report was most recently issued by the DRE.

4.2. Voting Rights.

(a) All voting rights are subject to the Restrictions. Except as provided in Section 15.5 hereof and Section 4.8 of the Bylaws, as long as there exists a Class B Membership, any provision of the Restrictions which expressly requires a vote or written consent of a specified percentage (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) of the Association's voting power before action may be undertaken shall require the approval of such specified percentage of the voting power of each class of Membership. Except as provided in Section 15.5 hereof and Section 4.8 of the Bylaws, upon termination of the Class B Membership, any provision of the Restrictions which expressly requires a vote or written consent of Owners representing a specified percentage (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) of the Association's voting power before action may be undertaken shall then require the vote or written consent of Members representing such specified percentage of both (1) the Association's total voting power and (2) the Association's voting power residing in Members other than Declarant and Guest Builders.

(b) Class A Members are entitled to one (1) vote for each Lot in which they hold the interest required for Membership. When more than one (1) Person holds such interest in any Lot ("co-owner"), all such co-owners are Members and may attend any Association meetings, but only one (1) such co-owner shall be entitled to exercise the vote to which the Lot is entitled. Co-owners owning the majority interests in a Lot may designate in writing one (1) of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if the designation has been revoked, the vote for the Lot shall be exercised as the co-owners owning the majority interests in the Lot agree. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the corresponding voting co-owner is acting with his co-owners' consent. No vote may be cast for any Lot if the co-owners present in person or by proxy owning the majority interests in such Lot cannot agree to said vote or other action. The nonvoting co-owner or co-owners are jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and are entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Restrictions are binding on all Owners and their successors in interest.

ARTICLE V

5. JURISDICTION OF ASSOCIATION.

5.1. Commencement of Association Maintenance Obligations. The Association's obligation to maintain the Common Area and the Association Maintenance Areas in any Phase in which a Lot is located shall commence on the date Annual Assessments commence on Lots in such Phase. Until commencement of Annual Assessments on Lots in a Phase, Declarant shall maintain the Common Area and Association Maintenance Areas in such Phase. The Association's obligation to maintain the Common Area and Association Maintenance Area in a Phase comprised solely of Common Area, Association Maintenance Areas, or both, shall commence upon conveyance of such Common Area, Association Maintenance Area, or both, to the Association.

5.2. Authority of Association. The Association has:

- (a) The power and duty to accept, maintain, repair and otherwise manage the Common Area and Association Maintenance Areas in accordance with Articles VI and IX hereof.
- (b) The power and duty to maintain any private sewer systems and any private storm drains or drainage facilities within the Common Area in accordance with the provisions of Articles VI and IX hereof.
- (c) The power and duty to obtain, for the benefit of the Properties, all commonly metered water, gas and electric services, and the power but not the duty to provide for refuse collection and cable or master television service.
- (d) The power and duty to grant exclusive or nonexclusive easements and rights of way or fee interests in portions of the Common Area, to the extent any such grant is reasonably required for utilities and sewer facilities to serve the Common Area and the Lots, or for purposes of conformity with the as-built location of Improvements installed by Declarant or a Guest Builder; provided that no such fee interest may be granted except pursuant to a Recorded lot line adjustment approved by the requisite governmental entity if such a lot line adjustment is required by law; the Association may deannex such property from this Declaration in connection with an approved lot line adjustment.
- (e) The power but not the duty to grant or quitclaim exclusive or nonexclusive easements, licenses or rights of way in, on or over the Common Area for purposes consistent with the intended use of the Properties as a planned residential development.

(f) The power and duty to maintain liability and fire insurance with respect to the Common Area, the Association Maintenance Areas, and personal property, if any, owned by the Association as provided herein in furthering the purposes of, and protecting the interests of, the Association and Members and as directed by the Restrictions.

(g) The power but not the duty, after Notice and Hearing, to enter upon any Lot, without being liable to any Owner except for damage caused by such entry, in order to (i) enforce by peaceful means the provisions hereof, or (ii) maintain or repair any Lot if for any reason the Owner thereof fails to perform such maintenance or repair as required by this Declaration. The cost of such enforcement, maintenance and repair shall be a Special Assessment enforceable as set forth herein. The Owner shall promptly pay all amounts due for such work, and the costs and expenses of collection may be added, at the option of the Board, to the amounts specially assessed against such Owner. If an emergency occurs, such entry upon a Lot by or on behalf of the Board shall be permitted without Notice and Hearing.

(h) The power but not the duty to reasonably limit the number of guests and tenants of the Owners using the Common Area.

(i) The power but not the duty to establish uniform Rules and Regulations for the use of the Common Area.

(j) The power but not the duty to enter into contracts with Owners or other persons to provide services or to maintain and repair Improvements within the Properties and elsewhere which the Association is not otherwise required to provide or maintain pursuant to this Declaration; provided, however, that any such contract shall provide for reimbursement of the Association for the costs of providing such services or maintenance.

ARTICLE VI

6. COVENANT FOR MAINTENANCE ASSESSMENTS.

6.1. Creation of Assessment Obligation. Declarant and each Guest Builder, for each Lot owned by it, hereby covenant to pay, and each Owner, by acceptance of a deed to a Lot, whether or not it shall be so expressed in such deed, is deemed to covenant to pay to the Association (a) Annual Assessments, (b) Capital Improvement Assessments, (c) Special Assessments, and (d) Reconstruction Assessments; such assessments to be established and collected as provided herein. The Association may not levy or collect any Annual Assessment, Capital Improvement Assessment, Special Assessment or Reconstruction Assessment that exceeds the amount necessary for the purpose or purposes for which it is levied. All such Assessments, together with late payment penalties, interest, costs and reasonable attorneys' fees

for the collection thereof, are a charge and a continuing lien upon the Lot against which such Assessment is made. Each such Assessment, together with late payment penalties, interest, costs and reasonable attorneys' fees, is also the personal obligation of the Person who was the Owner of the Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments may not pass to any new Owner ("Purchaser") unless expressly assumed by the Purchaser.

6.2. Maintenance Funds. The Board shall Budget, establish and maintain at least the following separate accounts (the "Maintenance Funds") into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the Association's performance of its functions under the Restrictions:

(a) General Operating Fund. A General Operating Fund for current expenses of the Association, exclusive of current expenses attributable to the Improvements and maintenance responsibilities included within each Designated Services Area.

(b) General Reserve Fund. An adequate General Reserve Fund for the deposit of Reserves attributable to Improvements within the Master Common Area, exclusive of Reserves attributable to Improvements included in each Designated Services Area.

(c) Designated Services Area Operating Fund. A Designated Services Area Operating Fund for Designated Services Expenses of each Designated Services Area which has been completed and is subject to maintenance by the Association.

(d) Designated Services Area Reserve Fund. An adequate Designated Services Area Reserve Fund for the deposit of Reserves attributable to each Designated Services Area which has been completed and is subject to maintenance by the Association.

(e) Miscellaneous Maintenance Funds. Any other Maintenance Funds which the Board of Directors may deem necessary.

6.3. Purpose of Annual Assessments. The Assessments shall be used exclusively to (a) promote the Owners' health, safety, recreation and welfare, (b) improve and maintain the Common Area and Association Maintenance Areas, and (c) discharge any other Association obligations under the Declaration. Disbursements from the particular Maintenance Funds shall be limited to the following specific purposes:

(a) Designated Services Area Reserves. Disbursements from each Designated Services Area Reserve Fund shall be made solely for the purpose of

funding Reserve expenditures attributable to the Designated Services Area for which the fund was created.

(b) Designated Services Area Operations. Disbursements from each Designated Services Area Operating Fund shall be made solely for the purpose of funding the current operating Designated Services Expenses of the Designated Services Area for which the fund was created.

(c) General Reserves. Disbursements from the General Reserve Fund shall be made solely for the purpose of funding those Reserve expenditures which are not Budgeted to a Designated Services Area.

(d) General Operations. Disbursements from the General Operating Fund shall be made for such purposes as are necessary for the discharge of the Association's responsibilities under the Restrictions, for the common benefit of all Owners, other than those purposes specified in Sections 6.3(a) through 6.3(c) above.

Nothing contained herein shall preclude the establishment of additional Maintenance Funds by the Association earmarked for specified purposes authorized by the Restrictions. The Association shall not impose or collect an assessment, penalty or fee which exceeds the amount necessary for the purpose or purposes for which it is levied.

If the Association decides to use or transfer Reserve funds to pay for litigation, the Association must notify its Members of the decision in the next available mailing. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the Reserve funds will be replaced, and a proposed budget for the litigation. The notice must state that the Members have a right to review an accounting for the litigation as provided in Section 1365.5 of the California Civil Code which will be available at the Association's office. The accounting shall be updated monthly.

6.4. Annual Assessments. Each Annual Assessment is an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the General Operating and Reserve Funds, the Designated Services Area Operating and Reserve Funds, and any other Maintenance Fund established by the Association. Annual Assessments shall be assessed against the Owners of Lots as follows:

(a) General Assessment Component. The Common Expenses of the Association, exclusive of Common Expenses Budgeted to the Designated Services Area ("General Assessment Component"), shall be allocated equally among all of the Lots and the Owners thereof in the Properties.

(b) Designated Services Area Assessment Component. The Designated Services Expenses of the Association comprising Designated Services Area Operating and Reserve Funds Budgeted to any particular Designated Services Area ("Designated Services Area Assessment Component") shall be assessed to the Owners of Lots designated in this Declaration or in a Supplemental Declaration as Lots to which the exclusive or disproportionate maintenance of such Designated Services Area has been allocated. Any Supplemental Declaration covering a Lot subject to a Designated Services Area Assessment Component shall: (i) Identify the Designated Services Area, if existing, or describe the Designated Services Area if proposed; (ii) Identify the Lots covered by the Supplemental Master Declaration which are entitled to use the facilities of the Designated Services Area or which are obligated to bear the exclusive or disproportionate maintenance of such Designated Services Area and which shall be obligated to pay the Designated Services Area Assessment Component attributable to such Designated Services Area; and (iii) Specify the Designated Services Expenses comprising the Designated Services Area Assessment Component attributable to such Designated Services Area. Unless otherwise provided in such Supplemental Declaration, the proportionate share of the Designated Services Area Assessment Component of Designated Services Expenses chargeable to each Lot located in such Designated Services Area shall be a fraction, the numerator of which is the number of Assessment Units allocated to the Lot in the Designated Services Area, and the denominator of which is the total number of Assessment Units allocated to all Lots located in or authorized to be created in such Designated Services Area.

Annual Assessments shall be levied against the Owners of Lots in the amounts as set forth in the Association Budget on file with the DRE.

6.5. Limitations on Annual Assessment Increases.

(a) Increases in the General Assessment Component. For purposes of this Section 6.5, an "Increase Election" means a vote by written ballot of the Members with (i) a quorum requirement of fifty percent (50%) of the Members, and (ii) the minimum number of Members required to approve an action being a majority of the quorum. Sections 6.5(a)(i) and 6.5(a)(ii) do not limit increases in the General Assessment Component necessary for addressing an "Emergency Situation" as defined in Section 6.5(d).

(i) Maximum Authorized Increase for Initial Year of Operations. During the Fiscal Year in which Annual Assessments commence, the Board may increase the General Assessment Component so that it exceeds one hundred twenty percent (120%) of the General Assessment Component disclosed for the Properties in the most current Budget approved by DRE at the time Annual

Assessments commence only if the Board first obtains approval from the Members in an Increase Election.

(ii) Maximum Authorized Increase for Subsequent Fiscal Years. After the Fiscal Year in which Annual Assessments commence, the Board may increase the General Assessment Component so that it exceeds the General Assessment Component for the immediately preceding Fiscal Year only as follows:

(a) If the increase in the General Assessment Component is less than or equal to twenty percent (20%) of the General Assessment Component for the immediately preceding Fiscal Year, then the Board must either (a) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code, or (b) obtained the approval of the Members casting a majority of votes in an Increase Election; and

(b) If the increase in the General Assessment Component is greater than twenty percent (20%) of the General Assessment Component for the immediately preceding Fiscal Year, then the Board must obtain the approval of Members casting a majority of votes in an Increase Election.

(b) Increases in the Designated Services Area Component. For purposes of this Section 6.5, a "Special Benefit Increase Election" means a vote of the Members in the Designated Services Area with (i) a quorum requirement of fifty percent (50%) of the Members in the Designated Services Area, and (ii) the minimum number of Members required to approve an action being a majority of the quorum. Sections 6.5(b)(i) and 6.5(b)(ii) do not limit increases in any Designated Services Area Component necessary for addressing an "Emergency Situation" as defined in Section 6.5(d).

(i) Maximum Authorized Increase for Initial Year of Operations. During the Fiscal Year in which Annual Assessments commence, the Board may increase any Designated Services Area Component so that it exceeds one hundred twenty percent (120%) of the Designated Services Area Component disclosed for the Properties in the most current Budget approved by DRE at the time Annual Assessments commence only if the Board first obtains the approval of Members in a Special Benefit Increase Election.

(ii) Maximum Authorized Increase for Subsequent Fiscal Years. After the Fiscal Year in which Annual Assessments commence, the Board may increase any Designated Services Area Component so that it exceeds the Designated Services Area Component for the immediately preceding Fiscal Year only as follows:

(a) If the increase in the Designated Services Area Component is less than or equal to twenty percent (20%) of the Designated Services Area Component for the immediately preceding Fiscal Year, then the Board must either (a) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code, or (b) obtained the approval of the Members casting a majority of votes in a Special Benefit Increase Election; and

(b) If the increase in the Designated Services Area Component is greater than twenty percent (20%) of the Designated Services Area Component for the immediately preceding Fiscal Year, then the Board must obtain the approval of Members casting a majority of votes in a Special Benefit Increase Election.

(c) Combined Increases.

(i) Maximum Authorized Increase for Initial Year of Operations. During the Fiscal Year in which Annual Assessments commence, the Board may increase the Annual Assessment for any Designated Services Area so that it exceeds one hundred twenty percent (120%) of the amount of the Annual Assessment disclosed for such Designated Services Area in the most current Budget approved by DRE at the time Annual Assessments commence only if the Board first obtains the approval of Members in a Special Benefit Increase Election.

(ii) Maximum Authorized Increase for Subsequent Fiscal Years. After the Fiscal Year in which Annual Assessments commence, the Board may increase the Annual Assessment for any Designated Services Area so that it exceeds the Annual Assessment for the immediately preceding Fiscal Year only as follows:

(a) If the increase in the Annual Assessment for any Designated Services Area is less than or equal to twenty percent (20%) of the Annual Assessment for such Designated Services Area for the immediately preceding Fiscal Year, then the Board must either (a) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code, or (b) obtained the approval of the Members casting a majority of votes in a Special Benefit Increase Election; and

(b) If the increase in the Annual Assessment for any Designated Services Area is greater than twenty percent (20%) of the Annual Assessment for such Designated Services Area for the immediately preceding Fiscal Year, then the Board must obtain the approval of Members casting a majority of votes in a Special Benefit Increase Election. _

(d) Provisions Applicable to All Components of Annual Assessments.

(i) Supplemental Annual Assessments. If the Board determines that Common Expenses may be properly paid by collection of a Annual Assessment in an amount less than the maximum authorized Annual Assessment, the Board may levy a Annual Assessment which is less than the maximum authorized amount. If the Board determines that the Annual Assessment being collected is or will become inadequate to pay all Common Expenses, the Board shall immediately determine the approximate amount of the inadequacy and levy a supplemental Annual Assessment, subject to the limit described in subsections 6.5(a), 6.5(b), and 6.5(c) above.

(ii) Automatic Assessment Increases. Notwithstanding any other provisions of this Section 6.5, upon Declarant's annexation of any portion of the Annexable Territory, the Annual Assessment shall be automatically increased by the additional amount, if any, necessary to maintain the Corporation Property so long as the annexation of such Annexable Territory is permitted by DRE. To minimize the need for frequent adjustments in the amount of the Annual Assessments during the development of the Properties, the Board may stabilize the amount of the Annual Assessments invoiced to the Owners at a level amount calculated to defray the Common Expenses of the Association during the time

that Annual Assessments are fluctuating due to the periodic annexation of Lots and Corporation Property.

(iii) Emergency Situations. An "Emergency Situation" is any one of the following:

(a) An extraordinary expense required by an order of a court;

(b) An extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Association is responsible where a threat to personal safety on the Properties are discovered; and

(c) An extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Prior to the imposition or collection of an Assessment pursuant to this Subsection 6.5(d)(iii), the Board shall adopt a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the Notice of Delinquent Assessment.

6.6. Capital Improvements. The Board may levy, in any Fiscal Year, a Capital Improvement Assessment or Reconstruction Assessment applicable to that Fiscal Year only to defray, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital Improvement or other such addition upon the Common Area or Association Maintenance Areas including fixtures and personal property related thereto. No Capital Improvement Assessments in any Fiscal Year which, if added to the Capital Improvement Assessments already levied during such Fiscal Year, exceed five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year, may be levied without the vote or written consent of Members casting a majority of votes at an Increase Election. Notwithstanding the foregoing, the Board may levy in any Fiscal Year, a Capital Improvement Assessment applicable to that Fiscal Year which exceeds five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year if such increase is necessary for addressing an Emergency Situation as defined in Section 6.5(e). In the case of a proposed Capital Improvement to a Designated Services Area, any Capital Improvement Assessment which exceeds five percent (5%) of the Association's Budgeted Designated Services Expenses shall also require the majority votes at a meeting or written ballot of the Owners of Lots in the Designated Services Area benefitting thereby at which

more than fifty percent (50%) of the total voting power attributable to such Designated Services Area is required.

6.7. Uniform Rate of Assessment. Annual Assessments, Capital Improvement Assessments and Reconstruction Assessments shall be assessed uniformly and equally against all Owners and their Lots based upon the number of Lots owned by each Owner except as may be otherwise provided with respect to Designated Services Area or set forth in a Notice of Addition. The Association may, subject to the provisions of Section 9.4 and Article XI hereof, levy Special Assessments against selected Owners who have caused the Association to incur special expenses due to willful or negligent acts of said Owners, their tenants, families, guests, invitees or agents. All installments of Annual Assessments shall be collected in advance on a regular basis by the Board, at such frequency as the Board shall determine.

6.8. Date of Commencement of Annual Assessments. Annual Assessments shall commence on all Lots in a Phase on the first day of the first calendar month following the first Close of Escrow in such Phase, except Annual Assessments on any Lot being used by Declarant or a Guest Builder as a model home shall not commence until the first day of the first month following Declarant's or a Guest Builder's termination of use of the Lot as a model home. The first Annual Assessment shall be adjusted according to the number of months remaining in the Fiscal Year. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. However, unless otherwise established by the Board, the initial Annual Assessments shall be assessed in accordance with the most recent Budget on file with and approved by DRE. Written notice of any change in the amount of any Annual Assessment, Capital Improvement Assessment or Reconstruction Assessment shall be sent via first-class mail to every Owner subject thereto not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due. The due dates shall be established by the Board. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an Association officer or agent setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate as to the status of assessments against a Lot is binding upon the Association as of the date of its issuance.

Each installment of Annual Assessments may be paid by the Member to the Association in one check or payment or in separate checks as payments attributable to specified Association Maintenance Funds. If any payment of an Annual Assessment installment (a) is less than the amount assessed and (b) does not specify the Association Maintenance Fund or Funds into which it should be deposited, then the amount received shall be credited in order of priority first to the General Operating Fund, until that portion of the Annual Assessment has been satisfied, then to any applicable Designated Services Area Operating Fund until that portion of the Annual Assessment has been satisfied, and to the General Reserve Fund until that portion of the Annual Assessment has been satisfied, then to any other Maintenance Funds established by the Association.

The Board may determine that funds remaining in the Operating Funds at the end of a Fiscal Year be retained and used to reduce the following Fiscal Year's Annual Assessments. Upon dissolution of the Association incident to the abandonment or termination of the Properties as a planned development, any amounts remaining in any of the Maintenance Funds shall be distributed to or for the benefit of the Members in the same proportions as such monies were collected from the Members.

Notwithstanding any other provisions of this Declaration, until the earlier to occur of (a) the Recordation of a notice of completion of a Residence, or (b) occupation or use of the Residence or each Owner (including Declarant and each Guest Builder) shall be exempt from paying that portion of any Annual Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of the Residence.

Notwithstanding any other provisions of this Declaration, until the earlier to occur of (a) the Recordation of a notice of completion of an Improvement on the Common Area or Association Maintenance Areas, or (b) the placement into use of such Improvement, each Owner (including Declarant) shall be exempt from paying that portion of any Annual Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of such Improvement.

Notwithstanding any other provisions of this Declaration or the Bylaws regarding the term and termination of contracts with Declarant for providing services to the Association, Declarant may enter into a written maintenance agreement with the Association under which Declarant shall pay all or any portion of the operating Common Expenses and perform all or any portion of the Association's maintenance responsibilities in exchange for a temporary suspension of Annual Assessments. Such maintenance agreement shall extend for a term and shall be on such conditions as are approved by the DRE, and may require Owners to reimburse Declarant, through the Association, for a portion of the costs expended in satisfaction of Common Expenses.

6.9. Exempt Property. The following property subject to this Declaration is exempt from the assessments herein:

- (a) All portions of the Properties dedicated to and accepted by a local public authority; and
- (b) The Common Area owned by the Association in fee.

6.10. Level Assessment Procedure. For so long as Annexable Territory may be added to the Properties as a Phase, the Board may elect to implement a level assessment procedure in accordance with applicable DRE guidelines ("Level Assessment Procedure"). Where the Level Assessment Procedure is used, the Annual Assessments for certain Phases may be less than or more than the actual Common Expenses for a given year, however, the Annual

Assessment cannot be more than fifteen percent (15%) above or below the actual Common Expenses. To implement the Level Assessment Procedure, the Board must:

- (a) Establish and maintain a separate account for the cumulative operating surplus ("Cumulative Surplus Fund Account");
- (b) Use the Cumulative Surplus Fund Account and the funds therein only for the funding of Annual Assessments in a given Fiscal Year (as determined by the Board);
- (c) Include in the report referenced in Section 9.6 a review of the Level Assessment Procedure, to ensure that adequate Annual Assessments are being collected; and
- (d) Meet any other requirements which may be imposed by the DRE.

ARTICLE VII

7. NONPAYMENT OF ASSESSMENTS; REMEDIES.

7.1. Nonpayment of Assessments; Remedies. Any installment of an assessment is delinquent if not paid within fifteen (15) days of the due date established by the Board. Any installment of Annual Assessments, Capital Improvement Assessments, Special Assessments, or Reconstruction Assessments not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges as provided herein bears interest at the maximum rate permitted by law commencing thirty (30) days from the date the assessment becomes due until paid. The Board may also require the delinquent Owner to pay a late charge in accordance with California Civil Code Section 1366(d)(2). The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. The Association need not accept any tender of a partial payment of an assessment installment and all costs and attorneys' fees attributable thereto, and any acceptance of any such tender does not waive the Association's right to demand and receive full payments thereafter. Before the Association may place a lien upon an Owner's Lot to collect a past due assessment, the Association shall send a written notice to the Owner by certified mail which contains the following information: (i) the fee and penalty procedure of the Association, (ii) an itemized statement of the charges owed by the Owner, including the principal owed, any late charges and the method of calculation, any attorney's fees, (iii) the collection practices used by the Association, and (iv) a statement that the Association may recover the reasonable costs of collecting past due assessments.

7.2. Notice of Delinquent Assessment. No action may be brought to enforce any assessment lien created herein unless at least thirty (30) days has expired following the date a Notice of Delinquent Assessment is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Lot, and a copy thereof has been Recorded by the

Association. Such Notice of Delinquent Assessment must recite (a) a good and sufficient legal description of any such Lot, (b) the record Owner or reputed Owner thereof, (c) the amount claimed (which may at the Association's option include interest on the unpaid assessment and late charges as described above plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien), (d) the Association's name and address, and (e) in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. Assessments described in Section 1367(c) of the California Civil Code and Section 2792.26(c) of the California Code of Regulations may not become a lien against an Owner's Lot enforceable by sale of the Lot under Sections 2924, 2924(b) and 2924(c) of the California Civil Code. Recordation of the Notice of Delinquent Assessment creates a lien on the Lot as provided in Section 1367 of the California Civil Code. Said lien is prior to any declaration of homestead Recorded after the date on which this Declaration is Recorded. The lien continues until paid or otherwise satisfied. The Notice of Delinquent Assessment must be signed by an authorized Association officer or agent, and must be mailed in the manner set forth in Section 2924b of the California Civil Code to the record Owner of the Lot no later than ten (10) calendar days after recordation.

7.3. Foreclosure Sale. A sale to foreclose an Association lien may be conducted by the Board, its attorneys or other persons authorized by the Board in accordance with the provisions of Sections 2924, 2924a, 2924b, 2924c and 2924f of the California Civil Code, or in accordance with any similar statute hereafter enacted applicable to the exercise of powers of sale in Mortgages, or in any other manner permitted by law. The Association, through duly authorized agents, may bid on the Lot at foreclosure sale, and acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, the Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Lot, and the defaulting Owner shall be required to pay the reasonable rental value of the Lot during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner.

7.4. Curing of Default. Upon the timely curing of any default for which the Association Recorded a Notice of Delinquent Assessment, the Association's officers shall Record an appropriate Release of Lien upon payment by the defaulting Owner of a reasonable fee, to be determined by the Board, to cover the cost of preparing and Recording such release. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the liens upon any Lot created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee, to be determined by the Board.

7.5. Cumulative Remedies. The assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

7.6. Mortgage Protection. No lien created under this Article VII, nor any breach of this Declaration, nor the enforcement of any provision hereof defeats or renders invalid the rights of the Beneficiary under any Recorded first Deed of Trust (meaning any deed of trust with first priority over other deeds of trust) upon a Lot made in good faith and for value. After a Beneficiary or other Person obtains title to a Lot by judicial foreclosure or by means set forth in a Deed of Trust, the Lot shall remain subject to the Declaration and the payment of all installments of Assessments accruing after the date the Beneficiary or other Person obtains title.

7.7. Priority of Assessment Lien. Mortgages Recorded before a Notice of Delinquent Assessment have lien priority over the Notice of Delinquent Assessment. Sale or transfer of any Lot does not affect the assessment lien, except that the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage extinguishes the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer relieves such Lot from lien rights for any assessments thereafter becoming due. No Person who obtains title to a Lot pursuant to a judicial or nonjudicial foreclosure of the first Mortgage is liable for the share of the Common Expenses or assessments chargeable to such Lot which became due prior to the acquisition of title to the Lot by such Person. Such unpaid share of Common Expenses or assessments is a Common Expense collectible from all of the Owners including such Person.

The Board of Directors of the Association has the power to take such action as is necessary to make any assessment lien of the Association encumbering a Lot Condominium shall be subordinate to the interests of the Department of Veterans Affairs of the State of California under its Cal-Vet loan contracts, with respect to such Lot, to the same extent that the assessment lien would be subordinate to the lien or charge of a first Mortgage or first deed of trust of record encumbering such Lot.

7.8. Receivers. In addition to the foreclosure and other remedies granted the Association herein, each Owner, by acceptance of a deed to such Owner's Lot, hereby conveys to the Association all of such Owner's right, title and interest in all rents, issues and profits derived from and appurtenant to such Lot, subject to the right, power and authority of the Association to collect and apply such rents, issues and profits to any delinquent Assessments owed by such Owner, reserving to the Owner the right, prior to any default by the Owner in the payment of Assessments, to collect and retain such rents, issues and profits as they may become due and payable. Upon any such default the Association may, upon the expiration of thirty (30) days following delivery to the Owner of the "Notice of Delinquent Assessment" described herein, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described herein, (a) enter in or upon and take possession of the Lot or any part thereof, (b) in the Association's name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses of operation, to any delinquencies of the Owner hereunder, and in such order as the Association may determine. The entering upon and taking possession of the Lot, the collection of rents, issues and profits and the application thereof, shall

not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice

7.9. Alternative Dispute Resolution. Disputes between an Owner and the Association regarding the assessments imposed by the Association may be submitted to alternative dispute resolution in accordance with Civil Code Section 1354 if such Owner pays in full (i) the amount of the assessment in dispute, (ii) any late charges, (iii) any interest, and (iv) all fees and costs associated with the preparation and filing of a Notice of Delinquent Assessment (including mailing costs and attorneys fees not to exceed four hundred twenty-five dollars (\$425), and states by written notice that such amount is paid under protest, and the written notice is mailed by certified mail not more than thirty (30) days from the Recording of a Notice of Delinquent Assessment. Upon receipt of such written notice, the Association shall inform the Owner in writing that the dispute may be resolved through alternative dispute resolution as set forth in Civil Code Section 1354.

The right of any Owner to utilize alternative dispute resolution under this Section may not be exercised more than two times in any single calendar year, and not more than three times within any five calendar years. Nothing within this section shall preclude any Owner and the Association, upon mutual agreement, from entering into alternative dispute resolution in excess of the limits set forth herein. An Owner may request and be awarded through alternative dispute resolution reasonable interest to be paid by the Association in the total amount paid under items (i) through (iv) above, if it is determined that the assessment levied by the Association was not correctly levied.

ARTICLE VIII

8. ARCHITECTURAL CONTROL.

8.1. Members of Committee. The Architectural Review Committee, sometimes referred to herein as the "ARC," shall be comprised of three (3) members. The initial members of the ARC shall be representatives of Declarant until one (1) year after the original issuance of the Final Subdivision Public Report ("Public Report") for Phase 1 ("First Anniversary"). After the First Anniversary the Board may appoint and remove one (1) member of the ARC, and Declarant may appoint and remove a majority of the members of the ARC and fill any vacancy of such majority, until the earlier to occur of (a) Close of Escrow for the sale of ninety percent (90%) of all the Lots in the Properties and the Annexable Territory, or (b) the fifth anniversary of the original issuance of the Public Report for Phase 1, after which the Board may appoint and remove all of the members of the ARC. ARC members appointed by the Board must be Members, but ARC members appointed by Declarant need not be Members. The ARC has the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Article in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials of the buildings in the Properties. Board members may also serve as ARC members.

8.2. Review of Plans and Specifications. The ARC shall consider and act upon all plans and specifications submitted for its approval under this Declaration and perform such other duties as the Board assigns to it, including inspection of construction in progress to assure conformance with plans approved by the ARC. No construction, installation or alteration of an Improvement, including landscaping, in the Properties may be commenced or maintained until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location thereof have been submitted to and approved in writing by the ARC; provided, however, that any Improvement may be repainted without ARC approval so long as the Improvement is repainted the identical color which it was last painted. Without limiting the generality of the foregoing, the provisions of this Article VIII apply to the construction, installation and alteration of solar energy systems, as defined in Section 801.5 of the California Civil Code, subject to the provisions of California Civil Code Section 714, the City Building Code, applicable zoning regulations, and associated City ordinances. The Owner submitting the plans and specifications ("Applicant") shall obtain a written, dated receipt therefor from an authorized agent of the ARC. Until changed by the Board, the address for submission of such plans and specifications is the Association's principal office. The ARC shall approve plans and specifications submitted for its approval only if it determines that (a) the installation, construction or alterations contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures, (c) the installation, construction or alteration thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Area and Association Maintenance Areas or the enjoyment thereof by the Members, and (d) the maintenance thereof will not become a burden on the Association. Declarant, Guest Builders and any Person to whom Declarant may assign all or a portion of its exemption hereunder are not required to obtain ARC approval of any Improvements constructed on the Properties by Declarant, Guest Builders or such Person.

The ARC may condition its approval of proposals or plans and specifications for any Improvement upon any of the following: (1) the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Properties as a result of such work, (2) such changes therein as it deems appropriate, (3) the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) the Applicant's agreement to reimburse the Association for the cost of such maintenance, or (6) the Applicant's agreement to complete the proposed work within a stated period of time, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The ARC may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or stating additional factors which it will consider in reviewing submissions. The ARC may provide that the amount of such fee be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or installations contemplated. The ARC may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or

samples of exterior material and colors. Until receipt by the ARC of any required plans and specifications, the ARC may postpone review of any plans submitted for approval. The ARC shall transmit its decision and the reasons therefor to the applicant at the address set forth in the application for approval within forty-five (45) days after the ARC receives all required materials. Any application submitted pursuant to this Section 8.2 shall be deemed approved unless the ARC transmits written disapproval or a request for additional information or materials to the Applicant within forty-five (45) days after the date the ARC receives all required materials. The Applicant shall meet any review or permit requirements of the City prior to making any construction, installation or alterations permitted hereunder.

8.3. Meetings of the ARC. The ARC shall meet as necessary to perform its duties. The ARC may, by resolution unanimously adopted in writing, designate an ARC representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the ARC except the granting of variances pursuant to Section 8.8. In the absence of such designation, the vote or written consent of a majority of the ARC constitutes an act of the ARC.

8.4. No Waiver of Future Approvals. The ARC's approval of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the ARC's approval does not waive any right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

8.5. Compensation of Members. The ARC's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties.

8.6. Inspection of Work. The ARC or its duly authorized representative may inspect any work for which approval of plans is required under this Article VIII ("Work"). The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the ARC-approved plans for the Work or with the requirements of this Declaration ("Noncompliance").

(a) Time Limit. The ARC's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the Work has been completed and the ARC has received written notice from the Owner that the Work has been completed. If the ARC fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the approved plans.

(b) Remedy. If an Owner fails to remedy any Noncompliance within sixty (60) days from the date of notification from the ARC, the ARC shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the

Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board may Record a Notice of Noncompliance and commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

8.7. Scope of Review. The ARC shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed construction, installation or alteration solely on the basis of aesthetic considerations, consistency with this Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The ARC shall consider the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The ARC's approval or disapproval shall be based solely on the considerations set forth in this Article VIII. The ARC is not responsible for reviewing, nor may its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. The ARC may consider the impact of views from other Residences or Lots and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvement. However, Declarant nor any Guest Builder warrants any protected views within the Properties and no Residence or Lot is guaranteed the existence or unobstructed continuation of any particular view.

8.8. Variance. The ARC may authorize variances from compliance with any of the architectural provisions of this Declaration, including without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by a majority of the ARC, and become effective upon Recordation. After Declarant has lost the right to appoint a majority of the ARC's members, the Board must approve any variance recommended by the ARC before any such variance becomes effective. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance does not waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor does it affect the Owner's obligation to comply with all applicable governmental ordinances affecting the use of his Lot and Residence.

8.9. Appeals. For so long as Declarant has the right to appoint and remove a majority of the ARC's members, the ARC's decisions are final, and there is no appeal to the Board. When Declarant is no longer entitled to appoint and remove a majority of the ARC's members, the Board may adopt policies and procedures for the appeal of ARC decisions to the Board. The Board has no obligation to adopt or implement any appeal procedures, and in the absence of Board adoption of appeal procedures, all ARC decisions are final.

ARTICLE IX

9. MAINTENANCE AND REPAIR OBLIGATIONS.

9.1. Maintenance Obligations of Owners. Each Owner shall, at the Owner's sole expense, subject to the provisions of this Declaration requiring ARC approval, maintain, repair, replace and restore all Improvements located on the Owner's Lot and the Lot itself except for those portions of the Lot which constitute Association Maintenance Areas, in a neat, sanitary and attractive condition. Such maintenance responsibilities include, but are not limited to, the maintenance of the entire Residence on the Lot, as well as the interior surface (facing toward the Lot), cap and structural integrity of the Perimeter Wall and the Party Walls on such Owner's Lot in accordance with Section 9.3, and in accordance with the provisions set forth in *Exhibit H* attached hereto. In addition, each Owner whose Lot utilizes a private drainage system installed by Declarant or a Guest Builder is responsible for its maintenance and repair. Each Owner whose Lot utilizes a sewer system lateral is responsible for the maintenance and repair of that portion of the lateral which exclusively serves such Owner's Lot. If any Owner permits any Improvement which such Owner is responsible for maintaining, to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate this Declaration, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Owner's Lot to make such repairs or to perform such maintenance and charge the cost thereof to the Owner. Said cost shall be a Special Assessment enforceable as set forth herein.

9.2. Maintenance Obligations of Association. After the completion of the construction or installation of the Improvements on the Common Area and Association Maintenance Areas by Declarant or by a Guest Builder, no improvement, excavation or work which in any way alters the Common Area or the Association Maintenance Areas may be made or done by any person other than the Association or its authorized agents. Unless otherwise expressly provided in this Declaration, upon commencement of Annual Assessments on the Lots in a Phase the Association shall maintain, paint, repair and replace all completed Improvements within the Common Area and Association Maintenance Areas for such Phase, including but not limited to, all landscaping, slope plantings, fencing, private irrigation systems, sewers, storm drains, private streets and street trees, in a safe, sanitary and attractive condition and in good order and repair, and shall likewise provide for the commonly metered utilities serving the Common Area and Association Maintenance Areas. The Association shall be responsible for maintenance of the exterior surface (facing away from the adjacent residential Lot) of the Perimeter Walls depicted on *Exhibit E* hereto and as depicted in any Notice of Addition. The Association shall be responsible for the entire maintenance of any portions of the Perimeter Wall which are not adjacent to a Residential Lot, including all surfaces, the cap and structural integrity. The Board shall determine, in its sole discretion, the level and frequency of maintenance of the Common Area and Association Maintenance Areas. The Association may add or remove any landscaping Improvements to or from the Common Area and Association Maintenance Areas and shall ensure that the landscaping thereon is maintained free of weeds and disease. The Association shall be responsible for brush clearance and maintenance of the Fuel Modification Zones shown on *Exhibit F* hereto or designated in a Notice of Addition. The

Association is not responsible for the maintenance of any portions of the Common Area or Association Maintenance Areas which have been dedicated to and accepted for maintenance by a state, local or municipal governmental agency or entity. All of the foregoing Association obligations shall be discharged when and in such manner as the Board shall determine in its judgment to be appropriate.

9.3. Party Walls. Each wall or fence which is placed on the dividing line between the Lots (the "Party Wall") is a party wall, and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions apply thereto. Repair and replacement of Party Walls shall be in accordance with applicable architectural standards, the requirements of *Exhibit H* hereto, and subject to review by the ARC.

(a) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots connected by such Party Wall. However, each Owner shall be solely responsible for repainting the side of any Party Wall facing his Lot.

(b) Destruction by Fire or Other Casualty. Unless covered by a blanket insurance policy maintained by the Association under Section 12.1 hereof, if a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot is affected thereby may restore it, and the Owner of the other Lot which is affected thereby shall contribute equally to the cost of restoration thereof without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

(c) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article is appurtenant to the land and passes to such Owner's successors in title.

9.4. Damage to Common Area by Owners. The Board may levy the cost of any maintenance, repairs or replacements by the Association within the Common Area or Association Maintenance Areas arising out of or caused by the willful or negligent act of an Owner, his tenants, or their families, guests or invitees as a Special Assessment against such Owner after Notice and Hearing.

9.5. Damage to Residences-Reconstruction. If all or any portion of any Lot or Residence is damaged or destroyed by fire or other casualty, the Owner of such Lot shall rebuild, repair or reconstruct the Lot and the Residence thereon in a manner which will restore them substantially to their appearance and condition immediately prior to the casualty or as otherwise approved by the ARC. The Owner of any damaged Lot or Residence and the ARC shall proceed with all due diligence, and the Owner shall cause reconstruction to commence within six (6) months after the damage occurs and to be completed within twelve (12) months after damage occurs, unless prevented by causes beyond such Owner's reasonable control. A transferee of the

Lot which is damaged or upon which is located a damaged Residence shall commence and complete reconstruction in the respective periods which would have remained for the performance of such obligations if the Owner of the Lot at the time of the damage still held title to the Lot. However, no such transferee may be required to commence or complete such reconstruction in less than thirty (30) days from the date such transferee acquired title to the Lot.

9.6. Inspection. The Board shall have the Common Area, Association Maintenance Areas and all Improvements thereon inspected at least once every three (3) years in order to (a) determine whether the Common Area and Association Maintenance Areas are being maintained adequately in accordance with the standards of maintenance established in Section 9.2 hereof, (b) identify the condition of the Common Area and Association Maintenance Areas and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (c) recommend preventive actions which may be taken to reduce potential maintenance costs to be incurred in the future. The Board may employ such experts and consultants as necessary to perform the inspection and make the report required by this Section.

The Board shall prepare a report of the results of the inspection required by this Section. The report shall be furnished to Owners within the time set forth for furnishing Owners with the Budget. The report must include at least the following:

- (a) a description of the condition of the Common Area and Association Maintenance Areas, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;
- (b) a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;
- (c) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;
- (d) a summary of all reports of inspections performed by any expert or consultant employed by the Board to perform inspections;
- (e) a report of the status of compliance with the maintenance, replacement and repair needs set forth in the inspection report for preceding years; and
- (f) such other matters as the Board deems appropriate.

ARTICLE X

10. USE RESTRICTIONS. The Properties shall be held, used and enjoyed subject to the following restrictions and the exemptions of Declarant and Guest Builders set forth in this Declaration.

10.1. Single Family Residence. Each Lot shall be used as a residence for a single Family and for no other purpose. An Owner may rent his Lot to a single Family provided that the Lot is rented pursuant to a lease or rental agreement which is (a) in writing and (b) subject to all of the provisions of this Declaration.

10.2. Business or Commercial Activity. No part of the Properties may ever be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes, including without limitation any activity for which the provider is compensated or receives any consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license; except Declarant and any Guest Builder may use any portion of the Properties for a model home site and display and sales offices in accordance with Article XIV hereof. This Section 10.2 does not preclude any of the above-described activities without external evidence thereof, provided that: (a) such activities are conducted in conformance with all applicable governmental ordinances; (b) the patrons or clientele of such activities do not visit the Lot or park automobiles or other vehicles within the Properties; (c) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside the boundaries of the Lot; (d) no such activity increases the Association's liability or casualty insurance obligation or premium; and (e) such activities are consistent with the residential character of the Properties and conform with the provisions of this Declaration.

10.3. Nuisances. No noxious or offensive activities may be carried on upon the Properties or on any public street abutting or visible from the Properties. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a Residence and its contents, may be placed or used on any Lot. Noisy, unsightly, unusually painted or smoky vehicles, large power equipment and large power tools (excluding lawn mowers and other equipment utilized in connection with ordinary landscape maintenance), off-road motor vehicles or items which may unreasonably interfere with television or radio reception to any Lot, and objects which create or emit loud noises or noxious odors may not be located, used or placed in the Properties or on any public street abutting the Properties, or exposed to the view of other Owners without the Board's prior written approval. The Board is entitled to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. No Owner may (a) permit or cause anything to be done or kept on the Properties or on any public street abutting the Properties which may (i) increase the rate of insurance in the Properties, (ii) result in the cancellation of such insurance, or (iii) obstruct or interfere with the rights of other Owners, or (b) commit or permit any nuisance thereon or violate any law. Each Owner shall comply with all requirements of the local or state health authorities and with all other applicable governmental ordinances regarding occupancy and use of a Residence. Each Owner is accountable to the Association and other Owners for the conduct and behavior of

persons residing in or visiting his Lot. Any damage to the Common Area, personal property of the Association, Association Maintenance Areas or property of another Owner caused by such persons shall be repaired at the sole expense of the Owner of the Lot where such persons are residing or visiting.

10.4. Signs. Subject to Civil Code Sections 712 and 713, no sign, poster, billboard, balloon advertising device or other display of any kind shall be displayed within the Properties or on any public street within or abutting the Properties except for the following signs, so long as they comply with applicable City ordinances:

(i) signs (regardless of size or configuration) used by Declarant or a Guest Builder in connection with construction, alteration or development of the Properties and the Annexable Territory or sale, lease or other disposition of Lots in the Properties or the Annexable Territory,

(ii) entry monuments, community identification signs, or traffic or parking control signs, or trail or open space related signs, maintained by the Association,

(iii) one (1) nameplate or similar Owner name or address identification sign for each Lot which complies with ARC rules;

(iv) one (1) sign for a Lot advising of the existence of security services protecting a Lot which complies with ARC rules;

(iv) one (1) sign which may be displayed on each Lot advertising the Lot for sale or lease; provided that such for sale or lease signs comply with the following requirements:

(a) the sign is not larger than eighteen inches (18") by thirty inches (30") in size;

(b) the sign is attached to the ground by a conventional, single vertical stake which does not exceed two inches (2") by three inches (3") in diameter (i.e. posts, pillars, frames or similar arrangements are prohibited);

(c) the top of the sign is not more than three feet (3') in height above the ground level;

(d) the sign is of a color and style authorized by the ARC; and

(v) other signs or displays authorized by the ARC.

10.5. Parking and Vehicular Restrictions.

(a) Authorized Vehicles. The following vehicles are Authorized Vehicles: standard passenger vehicles, including without limitation automobiles, passenger vans designed to accommodate ten (10) or fewer people, motorcycles and pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Authorized Vehicles may be parked in any portion of the Properties intended for parking of motorized vehicles; provided, however, that no Owner may park his or her vehicle in a manner which either restricts the passage of pedestrians or vehicles over streets or sidewalks within the Properties, or extends beyond the limits of the space where the Vehicle is parked.

(b) Prohibited Vehicles. The following vehicles are Prohibited Vehicles: (i) recreational vehicles (e.g., motorhomes, travel trailers, camper vans, boats, etc.), (ii) commercial-type vehicles (e.g., stakebed trucks, tank trucks, dump trucks, step vans, concrete trucks, limousines etc.), (iii) buses or vans designed to accommodate more than ten (10) people, (iv) vehicles having more than two (2) axles, (v) trailers, inoperable vehicles or parts of vehicles, (vi) aircraft, other similar vehicles or any vehicle or vehicular equipment deemed a nuisance by the Board. Prohibited Vehicles are not permitted within the boundaries of the Properties except for brief periods for loading, unloading, making deliveries or emergency repairs. If a vehicle qualifies as both an Authorized Vehicle and a Prohibited Vehicle, then the vehicle is presumed to be a Prohibited Vehicle, unless the vehicle is expressly classified as an Authorized Vehicle in writing by the Board.

(c) General Restrictions. Subject to the restriction on Prohibited Vehicles, all vehicles owned or operated by or within the control of an Owner or a resident of an Owner's Lot and kept within the Properties must be parked in the garage of that Owner; provided that each Owner shall ensure that any such garage accommodates at least the number of Authorized Vehicles for which it was originally constructed by Declarant or a Guest Builder. No repair, maintenance or restoration of any vehicle may be conducted on the Properties except within an enclosed garage when the garage door is closed, provided such activity is not undertaken as a business, and provided that such activity may be prohibited entirely by the Board if the Board determines that it constitutes a nuisance.

(d) Parking Regulations. The Board may establish additional regulations regarding any parking areas not assigned to individual Lots, including without limitation designating "parking," "guest parking," and "no parking" areas thereon; and may enforce all parking and vehicle use regulations applicable to the Properties, including removing violating vehicles from the Properties pursuant to California Vehicle Code Section 22658.2 or other applicable ordinances or statutes. If the Board fails to enforce any of the parking or vehicle use

regulations, the City may enforce such regulations in accordance with applicable laws and ordinances.

10.6. Animal Restrictions. No animals may be raised, bred or kept on the Properties, except that dogs, cats, fish, birds and other usual household pets may be kept on Lots, provided that they are not kept, bred or maintained for commercial purposes, in unreasonable quantities, or in violation of the Restrictions. As used in this Declaration, "unreasonable quantities" ordinarily means more than two (2) pets per household; provided, however, that the Board may determine that a reasonable number in any instance may be more or less. The Board may limit the size of pets and may prohibit maintenance of any animal which, in the Board's opinion, constitutes a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Properties must be either kept within an enclosure or on a leash held by a person capable of controlling the animal. Any Owner shall be liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Properties by such Owner or by such Owner's family, tenants or guests. Each Owner shall clean up after such Owner's animals which have used any portion of the Properties or public street abutting or visible from the Properties. Any Owner who maintains any animal within the Properties, whether in compliance with or in violation of the Restrictions, shall indemnify, defend and hold harmless the Association, its officers, directors, contractors, agents and employees from any claim brought by any person against the Association, its officers, directors, agents and employees for personal injuries or property damage caused by such animal, insect or reptile.

10.7. Trash. No trash may be kept or permitted upon the Properties or on any public street abutting or visible from the Properties, except in sanitary containers located in appropriate areas screened from view, and no odor may be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Such containers may be exposed to the view of neighboring Lots only when set out for a reasonable period of time (not to exceed twelve (12) hours before and after scheduled trash collection hours). No exterior fires are permitted, except barbecue fires contained within receptacles therefor and fire pits in enclosed areas and designed in such a manner that they do not create a fire hazard. No clothing, household fabrics or other unsightly articles may be hung, dried or aired on or over any Lot. No plants or seeds infected with noxious insects or plant diseases may be brought upon, grown or maintained upon the Properties.

10.8. Temporary Buildings. No outbuilding, tent, shack, shed or other temporary building or Improvement may be placed upon any portion of the Properties either temporarily or permanently, without the prior written consent of the ARC. No garage, carport, trailer, camper, motor home, recreation vehicle or other vehicle may be used as a residence in the Properties, either temporarily or permanently.

10.9. Common Area Facilities. The Common Area and Association Maintenance Areas may not be altered without the Board's prior written consent.

10.10. Outside Installations. No projections of any type may be placed or permitted to remain above the roof of any building within the Properties, except one or more chimneys and vent stacks originally installed, if at all, by Declarant or a Guest Builder. No basketball backboard or other fixed sports apparatus may be constructed or maintained in the Properties without the ARC's prior approval. No fence or wall may be erected, altered or maintained on any Lot except with the ARC's prior approval. No patio cover, wiring, or air conditioning fixture, water softeners, or other devices may be installed on the exterior of a Residence or be allowed to protrude through the walls or roof of the Residence (with the exception of those items installed during the original construction of the Residence) unless the ARC's prior written approval is obtained. Patio covers must be designed to integrate with the design of the Residence. Patio covers must be attached, must include wood lattice work and other decorative materials and must be finished in materials and colors matching the Residence as specified in the ARC's architectural standards. Patio cover designs which are inconsistent with the foregoing are subject to review by the City's Community Development Department.

10.11. Antennae. Owners are prohibited from installing any antenna on the exterior of a Residence for any purpose, except for an "Authorized Antenna," which may be installed so long as the proposed location for such installation is reviewed by the ARC prior to installation in order to ensure that the visibility of the Authorized Antenna is minimized with respect to other Owners. The ARC may require that the location of the Authorized Antenna be moved so long as such review by the ARC does not (1) unreasonably delay or prevent installation, maintenance or use of an Authorized Antenna, (2) unreasonably increase the cost of installation, maintenance or use of an Authorized Antenna, or (3) preclude reception of an acceptable quality signal.

An "Authorized Antenna" means (i) an antenna that is designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one meter or less in diameter, (ii) an antenna that is designed to receive video programming service, including multichannel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, that is one meter or less in diameter or diagonal measurement, or (iii) an antenna that is designed to receive television broadcast signals, or (iv) a mast supporting an antenna described in subparagraphs (i), (ii) and (iii) above.

The Board may adopt additional restrictions on installation or use of an Authorized Antenna on an Owner's Residence as a part of the Association's Rules and Regulations so long as such restrictions do not (1) unreasonably delay or prevent installation, maintenance or use of an Authorized Antenna, (2) unreasonably increase the cost of installation maintenance or use of an Authorized Antenna, or (3) preclude reception of an acceptable quality signal. The Board may prohibit the installation of an Authorized Antenna if the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of managers, agents or employees of the Association and other Owners, or for any other safety related reason established by the Board.

The Board also has the power to (i) prohibit an Owner from installing an Authorized Antenna on property which such Owner does not own or is not entitled to exclusively

use or control under the Restrictions, or (ii) allow an Owner to install an antenna other than an Authorized Antenna subject to applicable architectural standards and review by the ARC.

This Section 10.11 is intended to be a restatement of the authority granted to the Board under applicable law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna shall be interpreted to amend, modify, restate or interpret this Section 10.11.

10.12. Drilling. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted upon the Properties, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Lot or within five hundred feet (500') below the surface of the Properties. No derrick or other structure designed for use in boring for water, oil, geothermal heat or natural gas may be erected, maintained or permitted upon any Lot.

10.13. Further Subdivision. Except as otherwise provided herein, no Owner may further partition or subdivide his Lot, including without limitation any division of such Owner's Lot into time-share estates or time-share uses. This provision does not limit the right of an Owner to (a) rent or lease his entire Lot by means of a written lease or rental agreement subject to this Declaration; (b) sell such Owner's Lot; or (c) transfer or sell any Lot to more than one Person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. Any failure by the lessee of such Lot to comply with the Restrictions constitutes a default under the lease or rental agreement.

10.14. Drainage. No one may interfere with or alter the established drainage pattern over any Lot unless an adequate alternative provision is made for proper drainage with the ARC's prior written approval. For the purpose hereof, "established" drainage means the drainage which exists at the time that such Lot is conveyed to a purchaser from Declarant or a Guest Builder, and includes drainage from the Lots onto the Common Area and from the Common Area onto the Lots.

Each Owner, by accepting a grant deed to his Lot, acknowledges and understands that in connection with the development of the Properties, Declarant or a Guest Builder may have installed one or more "sub-drains" beneath the surface of such Owner's Lot. The sub-drains and all appurtenant improvements constructed or installed by Declarant or a Guest Builder ("Drainage Improvements"), if any, provide for subterranean drainage of water from and to various portions of the Properties. To ensure adequate drainage within the Properties, it is essential that the Drainage Improvements, if any, not be modified, removed or blocked without having first made alternative drainage arrangements. Therefore, no Owner may alter, modify, remove or replace any Drainage Improvements located within such Owner's Lot without receiving prior written approval from the ARC in accordance with Article VIII hereof. In connection with obtaining such approval, the Owner must submit a plan to the ARC for alternative drainage acceptable to the ARC. Notwithstanding ARC approval, any modification, removal or replacement of Drainage Improvements must comply with applicable governmental requirements.

10.15. Water Supply Systems. No individual water supply, sewage disposal or water softener system is permitted on any Lot unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any applicable water district, the City, the ARC, and all other applicable governmental authorities.

10.16. Inside Installations. No window in any Residence may be partially or completely covered, inside or outside, with aluminum foil, newspaper, paint, reflective tint or any other material the ARC deems inappropriate for such use; provided, however, that an Owner may use plain clean white sheets to cover windows for a period not to exceed six (6) months after the Close of Escrow pending the installation of drapes, curtains, shutters or other appropriate interior window coverings.

10.17. Solar Energy Systems. Each Owner may install a solar energy system on his Lot which serves his Residence so long as (a) the design and location of the solar energy system meet the requirements of all applicable governmental ordinances and (b) said design and location receive the prior written approval of the ARC. -

10.18. Installation of Front Yard Landscaping. In each and every case where Declarant or a Guest Builder do not install front yard landscaping, each Owner shall complete the installation of landscaping on the front yard of such Owner's Lot in accordance with a plan approved by the ARC within six (6) months after the Close of Escrow. Each Owner shall obtain all permits necessary and shall comply with all requirements of the City. Owners shall not remove or alter any street trees.

10.19. Rights of Disabled. Subject to the provisions of Article VIII hereof, each Owner may modify his Residence and the route over the Lot leading to the front door of his Residence, at his sole expense, in order to facilitate access to his Residence by persons who are blind, visually impaired, deaf or physically disabled, or to alter conditions which could be hazardous to such persons, in accordance with California Civil Code Section 1360 or any other applicable law or ordinance.

10.20. Marketing Name. The Properties shall be marketed under the name "Woodridge," unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the name of the Properties under which it is marketed by Declarant.

10.21. Site Illumination and Light Spillover Control. Outdoor lighting fixtures in the Properties shall be of uniform design and shall consist of a decorative pedestal type light fixture not exceeding four (4) feet in height. Similar fixtures may be used at driveway entrances to each Lot. All outdoor lighting fixtures which are adjacent to open space shall be designed to direct illumination downward and shall include shields where appropriate to direct light away from open space areas. The City Community Development Department and Department of Public Works shall approve perimeter lighting fixtures and their locations prior to issuing any building permits.

10.22. Pollutant Control. The Association shall comply with any NPDES requirements and the BMP guidelines (as defined below), as they apply to the Properties.

(a) NPDES Requirements. The Properties are subject to all Federal, State and local requirements of the National Pollutant Discharge Elimination System ("NPDES") adopted pursuant to the Federal Clean Water Act. Pursuant to a NPDES General Permit adopted by the State Water Resources Control Board, the County has adopted the Ventura Countywide Stormwater Quality Management Program for the Properties ("Water Management Plan") which identifies certain Best Management Practices ("BMP") to reduce the discharge of pollutants to storm water facilities before, during and after construction on the Properties is completed. The Association shall comply with all BMPs and perform all maintenance imposed by the Water Management Plan, as amended, including maintenance of desilting basins, drainage swales and sediment traps. The costs of such maintenance, if any, shall be treated as Common Expenses.

(b) BMP Guidelines. The Association shall ensure that the Properties are maintained in accordance with post-construction BMPs concerning erosion control, sedimentation, materials use and exposure controls and spill prevention.

10.23. Single Story Construction. The Lots described in *Exhibit K* or in a Notice of Addition as "Single Story Lots" are restricted to single story structures. Two story additions are prohibited on Single Story Lots.

ARTICLE XI

11. DAMAGE AND CONDEMNATION. Damage to or destruction of all or any portion of the Common Area, or those portions of the Association Maintenance Areas which are not part of the Residences and condemnation of all or any portion of the Common Area shall be handled in the following manner:

(a) If the Common Area or Association Maintenance Areas are damaged or destroyed, the Association shall cause the Common Area and such Association Maintenance Areas to be repaired and reconstructed substantially in accordance with the original plans and specifications, and any restoration or repair of the Common Area and such Association Maintenance Areas shall be performed substantially in accordance with the original plans and specifications. If the cost of effecting total restoration of the Common Area and such Association Maintenance Areas exceeds the amount of insurance proceeds, then the Association shall levy a Reconstruction Assessment against the Lots and their respective Owners equal to the difference between the total restoration cost and the insurance proceeds.

(b) Each Owner is liable to the Association for any damage to the Common Area or the Association Maintenance Areas which is not fully reimbursed to the Association by insurance proceeds (including without limitation any deductible amounts under any insurance policies against which the Association files a claim for such damage) which may be sustained due to the negligence or willful misconduct of said Owner or the persons deriving their right and easement of use and enjoyment of the Common Area from said Owner, or of such Owner's family and guests. The Association may, after Notice and Hearing, (i) determine whether any claim shall be made upon the insurance maintained by the Association and (ii) levy against such Owner a Special Assessment equal to any deductible paid and the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner or the persons for whom such Owner may be liable as described herein. If a Lot is jointly owned, the liability of its Owners is joint and several, except to the extent that the Association has previously contracted in writing with such joint Owners to the contrary. After Notice and Hearing, the cost of correcting such damage, to the extent not reimbursed to the Association by insurance, shall be a Special Assessment against such Owner.

(c) If all or any portion of the Common Area is taken by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Association and deposited in the General Operating Fund unless the Common Area is part of a Designated Services Area, in which case the award shall be paid to the applicable Designated Services Area Operating Fund. No Owner may participate as a party, or otherwise, in any proceedings relating to such condemnation.

ARTICLE XII

12. INSURANCE.

12.1. Casualty Insurance. The Board shall obtain and maintain fire and casualty insurance with extended coverage for loss or damage to all insurable Improvements installed by Declarant, each Guest Builder or by the Association on the Common Area or remaining portions of the Association Maintenance Areas for the full replacement cost thereof without deduction for depreciation or coinsurance, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other real or personal property it owns against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The policies insuring the Common Area and the Association Maintenance Areas must be written in the name of, and the proceeds thereof must be payable to the Association. Unless the applicable insurance policy provides for a different procedure for the filing of claims, all claims made under such policy must be sent to the insurance carrier or agent, as applicable, by certified mail and be clearly identified as a claim. The Association shall keep a record of all claims made. Subject to Article XI(b) and XIII(d) hereof, the Association shall use insurance

proceeds to repair or replace the property for which the insurance was carried. Premiums for all insurance carried by the Association are a Common Expense, unless the insurance is carried exclusively for a Designated Services Area, in which case the premiums shall be a Designated Services Area Expense.

12.1. Insurance Obligations of Owners. Each Owner is responsible for insuring his personal property and all other property and Improvements within his Residence for which the Association has not purchased insurance in accordance with Section 12.1 hereof. Each Owner is also responsible for carrying public liability insurance in the amount such Owner deems desirable to cover such Owner's individual liability for damage to person or property occurring inside such Owner's Residence or elsewhere upon such Owner's Lot. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon the Board's request. If any loss intended to be covered by insurance carried by or on behalf of the Association occurs and the proceeds payable thereunder are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of such insurance to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

12.2. Waiver of Subrogation. All policies of physical damage insurance the Association maintains must provide, if reasonably possible, for waiver of: (a) any defense based on coinsurance; (b) any right of setoff, counterclaim, apportionment, proration or contribution due to other insurance not carried by the Association; (c) any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act or omission of any named insured or the respective agents, contractors and employees of any insured; (d) any rights of the insurer to repair, rebuild or replace, and, if any Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured; (e) notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; (f) any denial of an Owner's claim because of negligent acts by the Association or other Owners; or (g) prejudice of the insurance by any acts or omissions of Owners that are not under the Association's control. As to each policy of insurance the Association maintains which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the Manager, Declarant, each Guest Builder and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by such persons, but only to the extent that insurance proceeds are received in compensation for such loss.

12.3. Liability and Other Insurance. The Association shall obtain comprehensive public liability insurance, including medical payments and malicious mischief, in such limits as it deems desirable with such minimum limits as are set forth in Section 1365.9 of the California Civil Code, insuring against liability for bodily injury, death and property damage arising from the Association's activities or with respect to property the Association maintains or is required to maintain including, if obtainable, a cross-liability endorsement insuring each

insured against liability to each other insured. The Association may also obtain Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, Board and Manager, against liability in connection with the Common Area and Association Maintenance Areas, the premiums for which are a Common Expense. The Board shall review all insurance policies at least annually and increase the limits in its discretion. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board, the Association's officers and the Manager against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. However, fidelity bond coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any person or entity handling Association funds, including, but not limited to, Association officers, directors, trustees, employees and agents and Manager employees, whether or not such persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the Association's or Manager's custody during the term of each bond. The aggregate amount of such bonds may not be less than one-fourth (1/4) of the Annual Assessments on all Lots in the Properties, plus reserve funds. In addition, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond coverage meeting the requirements for planned unit developments established by FNMA, GNMA and FHLMC, so long as any of them is a Mortgagee or an Owner of a Lot in the Properties, except to the extent such coverage is not reasonably available or has been waived in writing by FNMA, GNMA and FHLMC, as applicable.

12.4. Notice of Expiration Requirements. If available, each insurance policy the Association maintains must contain a provision that said policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant and to each Owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice, and every other Person in interest who requests such notice of the insurer.

ARTICLE XIII

13. RIGHTS OF MORTGAGEES. Notwithstanding any other provision of this Declaration, no amendment or violation of the Declaration defeats or renders invalid the rights of the Beneficiary under any Deed of Trust upon one (1) or more Lots made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Lot(s) will remain subject to this Declaration. For purposes of this Declaration, "first Mortgage" means a Mortgage with first priority over other Mortgages or Deeds of Trust on a Lot, and "first Mortgagee" means the Beneficiary of a first Mortgage. For purposes of any provisions of the Restrictions which require the vote or approval of a specified percentage of first Mortgagees, such vote or approval is determined based upon one (1) vote for each Lot encumbered by each such first Mortgage. In order to induce VA, FHA, FHLMC, GNMA and FNMA to participate in the financing of the sale of Lots, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Restrictions, these added provisions control):

(a) Each Beneficiary, insurer and guarantor of a first Mortgage encumbering one or more Lots, upon filing a written request for notification with the Board, is entitled to written notification from the Association of:

(1) any condemnation or casualty loss which affects either a material portion of the Properties or the Lot(s) securing the respective first Mortgage; and

(2) any delinquency of sixty (60) days or more in the performance of any obligation under the Restrictions, including without limitation the payment of assessments or charges owed by the Owner(s) of the Lot(s) securing the respective first Mortgage, which notice each Owner hereby consents to and authorizes; and

(3) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond maintained by the Association.

(b) Each Owner, including each first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot pursuant to the remedies provided in such Mortgage, or by foreclosure of such Mortgage, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by the Restrictions.

(c) Each first Mortgagee of a first Mortgage encumbering any Lot which obtains title to such Lot pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage, shall take title to such Lot free and clear of any claims for unpaid assessments or charges against such Lot which accrued prior to the time such Mortgagee acquires title to such Lot in accordance with Section 7.7.

(d) All Beneficiaries, insurers and guarantors of first Mortgages, upon written request to the Association, shall have the right to:

(1) examine current copies of the Association's books, records and financial statements and the Restrictions during normal business hours; and

(2) receive written notice of all meetings of Owners;
and

(3) designate in writing a representative who shall be authorized to attend all meetings of Owners.

(e) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Common Area or Association Maintenance Areas property, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

(f) All intended Improvements in any Phase of Development other than Phase 1 shall be substantially consistent with the Improvements in Phase 1 in structure type and quality of construction. The requirements of this Section 13(k) are for the benefit of and may be enforced only by FNMA.

(g) The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of FHA, FHLMC, FNMA, GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Lots with Residences thereon. Each Owner hereby agrees that it will benefit the Association and its Members, as a class of potential Mortgage borrowers and potential sellers of their Lots, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

ARTICLE XIV

14. DECLARANT AND GUEST BUILDER EXEMPTION. Declarant, each Guest Builder or its successors or assigns intends, but is not obligated, to construct Residences and develop all of the Lots in the Properties. The completion of that work and sale, resale, rental and other disposal of Lots is essential to the establishment and welfare of the Properties as a quality residential community. As used in this Article and its subparagraphs, the words "its successors or assigns" specifically do not include purchasers of Lots pursuant to transactions requiring the issuance of a Final Subdivision Public Report. In order that such work may be completed and the Properties be established as a fully occupied residential community as rapidly as possible, no Owner nor the Association may do anything to interfere with, and nothing in this Declaration may be understood or construed to:

(a) Prevent Declarant, each Guest Builder, their successors or assigns, or its or their contractors or subcontractors, from doing on any Lot owned by them whatever they determine to be necessary or advisable in connection with the completion of such work, including without limitation altering of construction plans and designs as Declarant or Guest Builder deems advisable in the course of development; or

(b) Prevent Declarant or any Guest Builder, its successors or assigns, or its or their representatives, from erecting and maintaining on any portion of the Properties owned or controlled by Declarant or any Guest Builder, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary to conduct the business of completing such work and establishing the Properties as a residential community and disposing of the same by sale, resale, lease or otherwise; or

(c) Prevent Declarant, any Guest Builder, their successors or assigns, or its or their contractors or subcontractors, from conducting on any Lot, or any portion thereof, owned or controlled by Declarant, any Guest Builder or their successors or assigns, the business of developing, altering, subdividing, grading and constructing Residences and other Improvements on the Properties as a residential community and of disposing of Residences thereon by sale, lease or otherwise; or

(d) Prevent Declarant, any Guest Builder, their successors or assigns or its or their contractors or subcontractors, from maintaining such sign or signs on any portion of the Properties owned or controlled by any of them as may be necessary in connection with the sale, lease or marketing of Lots and Residences in the Properties; or

(e) Prevent Declarant, any Guest Builder, at any time prior to acquisition of title to a Lot by a purchaser from Declarant or a Guest Builder, to establish on that Lot additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Properties; or

(f) Prevent Declarant or any Guest Builder from unilaterally modifying its development plan for the Properties and the Annexable Territory, including without limitation designating and redesignating Phases and constructing Residences of larger or smaller sizes, values or of different types.

Neither Declarant nor any Guest Builder is required to seek or obtain ARC approval of any Improvement Declarant or any Guest Builder constructs or places on the Properties. Declarant and each Guest Builder, in the exercise of its rights under this Article, may not unreasonably interfere with any other Owner's use of the Common Area. The Association shall provide Declarant with all notices and other documents to which a Beneficiary is entitled pursuant to this Declaration, provided that Declarant shall be provided such notices and other documents without making written request therefor. Commencing on the date on which Declarant no longer has an elected representative on the Board, and continuing until the later to occur of the date on which Declarant (i) no longer owns a Lot in the Properties or (ii) cannot unilaterally annex property to the Properties, the Association shall provide Declarant with written notice of all meetings of the Board as if Declarant were an Owner and Declarant shall be entitled to have a representative present at all such Board meetings ("Declarant's Representative"). The

Declarant's Representative shall be present in an advisory capacity only and shall not be a Board member or have any right to vote on matters coming before the Board.

ARTICLE XV

15. GENERAL PROVISIONS. All disputes arising under this Declaration, other than those described in Section 15.14 or regulated by Civil Code Section 1375, shall be resolved as follows:

15.1. Enforcement of Restrictions.

(a) Violations Identified by the Association. If the Board determines that there is a violation of the Restrictions, or the ARC determines that an Improvement which is the maintenance responsibility of an Owner needs installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the responsible Owner identifying (i) the condition or violation complained of, and (ii) the length of time the Owner has to remedy the violation including, if applicable, the length of time the Owner has to submit plans to the ARC and the length of time the Owner has to complete the work proposed in the plans submitted to the ARC.

If an Owner does not perform such corrective action as is required by the Board and the ARC within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment.

If the violation involves nonpayment of any type of Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures set forth in Article VII.

(b) Violations Identified by an Owner. If an Owner alleges that another Owner, his family, guests or tenants, is violating the Restrictions (other than nonpayment of any type of Assessment), the complaining Owner must first submit the matter to the Board for Notice and Hearing before the complaining Owner may resort to alternative dispute resolution, as required by Section 1354 of the California Civil Code, or litigation for relief.

(c) Legal Proceedings. Failure to comply with any of the terms of the Restrictions by an Owner, his family, guests, employees, invitees or tenants, is grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; provided, however, that the procedures established in

Section 1354 of the California Civil Code and in Sections 15.1(a), (b) and (c) above must first be followed, if they are applicable.

(d) Additional Remedies. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, or of a resident of or visitor to such Owner's Lot, to comply with the Restrictions. Such fines or penalties may only be assessed after Notice and Hearing. After Notice and Hearing, the Board may direct the officers of the Association to Record a notice of noncompliance (if permitted by law) against a Lot owned by any Member of the Association who has violated any provision of this Declaration. The notice shall include a legal description of the Lot and shall specify the provision of the Declaration that was violated, the violation committed, and the steps required to remedy the noncompliance. Once the noncompliance is remedied or the noncomplying Owner has taken such other steps as reasonably required by the Board, the Board shall direct the officers of the Association to record a notice that the noncompliance has been remedied.

(e) No Waiver. Failure to enforce any provision hereof does not waive the right to enforce that provision, or any other provision hereof.

(f) Right to Enforce. The Board or any Owner (not at the time in default hereunder) may enforce the Restrictions as described in this Article, subject to Section 1354 of the California Civil Code. Each Owner has a right of action against the Association for the Association's failure to comply with the Restrictions. Each remedy provided for in this Declaration is cumulative and not exclusive or exhaustive.

15.2. Severability. The provisions hereof are independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction does not affect the validity or enforceability of any other provision hereof.

15.3. Term. This Declaration continues in full force unless a Declaration of Termination satisfying the requirements of an amendment to the Declaration as set forth in Section 15.5 is Recorded.

15.4. Interpretation. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of the Common Area and Association Maintenance Areas, and any violation of this Declaration is a nuisance. The Article and Section headings have been inserted for convenience only, and may not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular includes the plural and the plural the singular; and the masculine, feminine and neuter each include the other, unless the context dictates otherwise.

15.5. Termination and Amendment. Notice of the subject matter of a proposed amendment to, or termination of, this Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Association at which a proposed amendment or termination is to be considered. The resolution can only be adopted by the vote, in person or by proxy, or written consent of Members representing not less than (i) sixty-seven percent (67%) of the voting power of each class of Members, and (ii) sixty-seven percent (67%) of the Association's voting power residing in Members other than Declarant and the Guest Builder; provided that the specified percentage of the Association's voting power necessary to amend a specified Section or provision of this Declaration may not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. In addition, Article XIV hereof may not be amended, nor is any amendment effective which would be counter to Article XIV or any other rights of Declarant, without the prior written consent of Declarant for so long as Declarant is an Owner or entitled to add Annexable Territory to the Properties without the vote or consent of Owners.

(a) In addition to the notices and consents required by Section 15.5(a), the Beneficiaries of fifty-one percent (51%) of the first Mortgages on all the Lots in the Properties who have requested the Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve any amendment to this Declaration which is of a material nature, as follows:

(1) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers and guarantors of first Mortgages as provided in this Declaration.

(2) Any amendment which would necessitate a Mortgagee, after it has acquired a Lot through foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(3) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Lot not being separately assessed for tax purposes.

(4) Any amendment relating to the insurance provisions as set out in Article XII hereof, or to the application of insurance proceeds as set out in Article XI hereof, or to the disposition of any money received in any taking under condemnation proceedings.

(b) Termination of this Declaration shall require approval by the Members as provided in subsection (a) of this Section 15.5.

(c) Each Beneficiary of a first Mortgage on a Lot in the Properties which receives proper written notice of a proposed amendment or termination of

this Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Beneficiary fails to submit a response to the notice within thirty (30) days after the Beneficiary receives the notice.

(d) A copy of each amendment shall be certified by at least two (2) Association officers, and the amendment will be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by at least two (2) officers of the Association that the requisite number of Owners have either voted for or consented in writing to any termination or amendment adopted as provided above, when Recorded, is conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for at least four (4) years. The certificate reflecting any termination or amendment which requires the written consent of any of the Beneficiaries of first Mortgages must include a certification that the requisite approval of such first Mortgagees has been obtained.

(e) Notwithstanding any other provisions of this Section 15.5, at any time prior to the first Close of Escrow in Phase 1, Declarant may unilaterally amend or terminate this Declaration by Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant.

(f) Notwithstanding any other provisions of this Section 15.5, for so long as Declarant owns any portion of the Properties or the Annexable Territory, Declarant may unilaterally amend this Declaration by Recording a written instrument signed by Declarant in order to conform this Declaration to the requirements of FHA, DRE, FNMA, GNMA or FHLMC.

(g) In addition to the consents of the Members and Beneficiaries required under this Section 15.5, the Association shall obtain the consent of the City Community Development Department and the City Attorney prior to the amendment or termination of this Declaration.

15.6. No Public Right or Dedication. Nothing contained in this Declaration constitutes a gift or dedication of all or any part of the Properties to the public, or for any public use.

15.7. Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Properties does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Properties or any portion thereof.

15.8. Reservation of Easements. Declarant hereby reserves for the benefit of each Owner and such Owner's Lot reciprocal, nonexclusive easements over the adjoining Lot or Lots for the control, maintenance and repair of the utilities serving such Owner's Lot. Declarant expressly reserves for the benefit of all of the real property in the Properties, and for the benefit of all of the Lots and of the Owners, reciprocal, nonexclusive easements over all Lots and the Common Area, for maintenance and repair of utility services, for drainage from the Lots of water resulting from the normal use of adjoining Lots, and for maintenance and repair of any Residence. If any Residence encroaches upon the Common Area and Improvements thereon as a result of construction by Declarant or as a result of reconstruction, repair, shifting, settlement or movement of any portion of the Properties, a valid easement for minor encroachment and for its maintenance shall exist so long as the minor encroachment exists. Declarant, each Guest Builder, and the Owners of each Lot on which there is constructed a Residence along or adjacent to such Lot line shall have an easement appurtenant to such Lot over the Lot line to and over the adjacent Lot for the purposes of accommodating any natural movement or settling of any Residence located on such Lot, any encroachment of any Residence due to minor engineering or construction variances, and any encroachment of eaves, roof overhangs and architectural features comprising parts of the original construction of any Residence located on such Lot.

15.9. Notices. Except as otherwise provided herein, notice to be given to an Owner must be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one (1) or more co-owners of a Lot or to any general partner of a partnership owning a Lot constitutes delivery to all co-owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation constitutes delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address has been furnished, to the street address of such Owner's Lot. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as may be fixed from time to time and circulated to all Owners.

15.10. Enforcement of Bonded Obligations. If (a) the Common Area and Association Maintenance Area Improvements in any Phase are not completed prior to the issuance of a Final Subdivision Public Report for such Phase by DRE, and (b) the Association is obligee under a bond or other arrangement ("Bond") required by the DRE to secure performance of Declarant's or Guest Builder's commitment to complete such Improvements, then the following provisions of this Section will be applicable:

(i) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any such Improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that Improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area Improvement, then

the Board shall be directed to consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

(ii) A special meeting of Members for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the Board's failure to consider and vote on the question shall be held no fewer than thirty-five (35) nor more than forty-five (45) days after the Board receives a petition for such a meeting signed by Members representing five percent (5%) of the Association's total voting power. A vote of a majority of the Association's voting power residing in Members other than Declarant and Guest Builder to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the Association's name.

15.11. Nonliability and Indemnification.

(a) Nonliability.

(i) General Rule. No Person is liable to any other Person (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's acts or omissions within what such person reasonably believed to be the scope of the Person's Association duties ("Official Acts"), except to the extent that such injuries or damage result from the Person's willful or malicious misconduct. No Person is liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct. The Association is not liable for damage to property in the Properties unless caused by the negligence of the Association, the Board, the Association's officers, the manager or the manager's staff.

(ii) Nonliability of Volunteer Board Members and Officers. A volunteer Board member or volunteer Association officer shall not be personally liable to any Person who suffers injury, including without limitation bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer officer or Board member if all of the applicable conditions specified in Section 1365.7 of the California Civil Code, as modified, amended, or replaced, are met.

(b) Indemnification.

(i) For Association Representatives. The Association has the power and the duty to indemnify Board members, Association officers, ARC members, and all other Association committee members for all damages and pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person brought because of performance of an Official Act to the fullest extent authorized by California law. Board members, Association officers, ARC members, and all other Association committee members are deemed to be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section. The entitlement to indemnification hereunder inures to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to such indemnification.

(ii) For Other Agents of the Association. The Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Association for any damages and pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person because of an Official Act as authorized by California law.

(iii) Provided by Contract. The Association, acting through the Board, also has the power, but not the duty, to contract with any Person to provide indemnification beyond the scope of indemnification authorized by applicable law on such terms and subject to such conditions and the Board may impose.

15.12. Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Declaration and either the Articles or the Bylaws, then the provisions of this Declaration shall prevail.

15.13. Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Properties, together with the covenants and restrictions established upon any other property, as one (1) plan.

15.14. Disputes with Declarant Parties. Any disputes (each, a "Dispute") between (a) the Association or any Owners, and (b) the Declarant, or a Guest Builder or any director, officer, partner, shareholder, member, employee, representatives, contractor, subcontractor, design professional or agent of the Declarant or a Guest Builder (collectively "Declarant Parties") arising under this Declaration or relating to the Properties, including disputes regarding latent or patent construction defects, but excluding actions taken by the Association against Declarant or a Guest Builder to collect delinquent Assessments, and any action involving any Common Property completion bonds, where the amount in controversy is greater than Five Thousand Dollars (\$5,000), shall be subject to the following provisions:

(a) Notice. Any person with a Dispute shall give written notice of the Dispute by any method authorized for service by Code of Civil Procedure Section 116.340 to the party to whom the Dispute is directed describing the nature of the Dispute and any proposed remedy (the "Dispute Notice").

(b) Right to Inspect and Right to Corrective Action. Commencing on the date the Dispute Notice is delivered to the Respondent and continuing until the Dispute is resolved, the Respondent and its representatives have the right to (i) meet with the party alleging the Dispute at a reasonable time and place to discuss the Dispute, (ii) enter the Properties to inspect any areas that are subject to the Dispute, and (iii) conduct inspections and testing (including destructive or invasive testing) in a manner deemed appropriate by the Respondent. If Respondent elects to take any corrective action, Respondent and its representatives shall be provided full access to the Properties to take and complete the corrective action. Respondent is not obligated to take any corrective action. Respondent, with the consent of Declarant, has the right to select the corrective action Respondent believes is appropriate. The right to inspect and correct granted in this Section is in addition to the rights granted in California Civil Code Section 1375 ("Calderon Act"). The procedures established in the Calderon Act may be implemented, before, during or after the procedure in this Section is implemented.

(c) Mediation. If the Dispute is not resolved within ninety (90) days after the Respondent receives the Dispute Notice, any party may submit the Dispute to mediation by delivering a request for mediation ("Mediation Notice") in the same manner as allowed for delivery of the Dispute Notice. The Dispute shall be mediated pursuant to (i) the American Arbitration Association ("AAA") mediation procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (ii) the mediation procedures of any successor to the AAA in existence when the Dispute Notice is delivered, as modified by this Section, or (iii) mediation procedures approved by the parties of any entity offering mediation services that is acceptable to the parties to the Dispute ("Parties"). Except as provided in Section 15.14(d), no Person shall commence litigation regarding a Dispute without complying with this Section 15.14(c).

(i) Selection of Mediator. The mediator shall be selected within sixty (60) days from delivery of the Mediation Notice. The mediator shall be selected by mutual agreement of the Parties. If the parties cannot agree on a mediator, the mediator shall be selected by the entity providing the mediation service. No Person shall serve as a mediator in any Dispute in which the Person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties. Before accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process.

(ii) Position Letter: Pre-Mediation Conference. No later than sixty (60) days after selection of the mediator, each party to the Dispute shall submit a letter ("Position Statement") containing (i) a description of the party's position concerning the issues that need to be resolved, (ii) a detailed description of the defects allegedly at issue, and (iii) a suggested plan of repair, remediation or correction. The mediator may schedule a pre-mediation conference. All Parties shall attend unless otherwise mutually agreed. The mediation shall be commenced within twenty (20) days after submittal of all Position Statements and shall be concluded within fifteen (15) days after the mediation began unless either (a) the mediator extends the mediation period, or (b) the Parties mutually agree to extend the mediation period. The mediation shall be held in the County or another place mutually acceptable to the parties.

(iii) Conduct of Mediation. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate to achieve the goal of settling the Dispute. The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement. The mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the Parties agree to and do assume the expenses of obtaining such advice. The mediator shall not have the authority to impose a settlement on the Parties.

(iv) Application of Evidence Code. The provisions of California Evidence Code Sections 1115 through 1128 shall be applicable to the mediation process. Use and disclosure of statements, evidence and communications offered or made in the course of the mediation shall be governed by these sections, including the sections which preclude use of material in future

proceedings and the sections which provide for confidentiality of material.

(v) Parties Permitted at Mediation. Persons other than the Parties, their liability insurers, Declarant, attorneys for the Parties, the liability insurers and Declarant and the mediator may attend mediation sessions only with the permission of the Parties and the consent of the mediator. Declarant has the right to attend the mediation session even if Declarant is not one of the Parties.

(vi) Record. There shall be no stenographic, video or audio record of the mediation process.

(vii) Expenses. Each Party shall bear its own attorneys' fees and costs incurred in connection with the mediation. All other expenses of the mediation including the fees charged by the mediator and the cost of any proof or expert advice requested by the mediator shall be shared equally by the Parties unless they agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

(d) Judicial Reference. If a Dispute remains unresolved after the mediation required by Section 15.14(c) is completed, any of the Parties may file a lawsuit, provided that the Association must obtain the vote or written consent of Owners other than Declarant who represent not less than sixty-seven percent (67%) of the Association's voting power (excluding the voting power of Declarant) prior to filing a lawsuit in a Dispute with Declarant or a Declarant Party. All lawsuits regarding Disputes must be resolved by general judicial reference pursuant to California Code of Civil Procedure Sections 638 and 641 through 645.1, as modified by this Section 15.14. The Parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. No party shall be required to participate in the judicial reference proceeding if all parties against whom such party would have necessary or permissive cross-claims or counterclaims will not or cannot be joined in the judicial reference proceeding. The general referee shall have the authority to try all issues of fact and law and to report a statement of decision to the court. The referee shall be the only trier of fact and law in the reference proceeding, and shall have no authority to further refer any issues of fact or law to any other Person unless (a) all parties to the judicial reference proceeding consent, or (b) the referee determines that a conflict of interest or similar situation has arisen which would make it inappropriate for the referee to act as the trier of fact or law concerning an issue or matter. In the second alternative, an alternative judicial referee shall be selected in accordance with this Section solely for resolving or rendering a decision concerning the issue or matter involved in the conflict.

(i) Place. The proceedings shall be heard in the County.

(ii) Referee. The referee shall be a retired judge who served on the Superior Court of the State of California in the County with substantial experience in the type of matter in dispute and without any relationship to the Parties or interest in the Properties, unless the Parties agree otherwise. The parties to the judicial reference proceeding shall meet to select the referee no later than thirty (30) days after service of the initial complaint on all defendants named in the complaint. Any dispute regarding selecting the referee shall be resolved by the court in which the complaint is filed.

(iii) Commencement and Timing of Proceeding. The referee shall commence the proceeding at the earliest convenient date and shall conduct the proceeding without undue delay.

(iv) Pre-hearing Conferences. The referee may require pre-hearing conferences.

(v) Discovery. The parties to the judicial reference proceeding shall be entitled only to limited discovery, consisting of the exchange of the following: (i) witness lists, (ii) expert witness designations, (iii) expert witness reports, (iv) exhibits, (v) reports of testing or inspections, and (vi) briefs. Any other discovery authorized in the California Code of Civil Procedure shall be permitted by the referee upon a showing of good cause or based on the consent of all parties to the judicial reference proceeding.

(vi) Motions. The referee shall have the power to hear and dispose of motions, including motions relating to discovery, provisional remedies, demurrers, motions to dismiss, motions for judgment on the pleadings and summary judgment and/or adjudication motions, in the same manner as a trial court judge. The referee shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(vii) Record. A stenographic record of the hearing shall be made which shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(viii) Statement of Decision. The referee's statement of decision shall contain an explanation of the factual and legal basis for the decision pursuant to California Code of Civil Procedure Section 632. The decision of the referee shall stand as the decision of the court, and upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the Dispute had been tried by the court.

(ix) Limit on Remedies/Prohibition on the Award of Punitive Damages. The referee may not award punitive damages. In addition, as further provided below, the right to punitive damages is waived by the parties. The referee may grant all other legal and equitable remedies and award compensatory damages in the judicial reference proceeding.

(x) Post-hearing Motions. The referee may rule on all post-hearing motions in the same manner as a trial judge.

(xi) Appeals. The decision of the referee shall be subject to appeal in the same manner as if the Dispute had been tried by the court.

(xii) Expenses. Each Party shall bear its own attorneys' fees and costs incurred in connection with the judicial reference proceeding. All other expenses of the judicial reference proceeding including the cost of the stenographic record shall be shared equally by the parties to the judicial reference proceeding unless they agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

(e) Statutes of Limitation. Nothing in this Section 15.14 shall be considered to toll, stay, reduce or extend any applicable statute of limitations, provided, however, that Declarant, the Declarant Parties, the Association and any Owner may commence a legal action which in the good faith determination of that Person is necessary to preserve that Person's rights under any applicable statute of limitations so long as no further steps in processing the action are taken except those authorized in this Section 15.14.

(f) Agreement to Dispute Resolution: Waivers of Jury Trial and Award of Punitive Damages. Declarant, each Guest Builder, the Association and each Owner agree to use the procedures established in this Section 15.14 to resolve all Disputes and waive their rights to resolve Dispute in any other manner. Declarant, the Association and each Owner acknowledge that by agreeing to resolve all disputes as provided in this Section 15.14, they are giving up their right

to have Disputes tried before a jury and waiving their rights to an award of punitive damages. This Section 15.14 may not be amended without Declarant's prior written consent.

15.15. Additional Provisions. Notwithstanding the provisions contained in the Restrictions, the Association and the Owners should be aware that there may be provisions of various laws, including without limitation the Davis-Stirling Common Interest Development Act codified at Sections 1350 et seq. of the California Civil Code and the federal Fair Housing Act codified at Title 42 United States Code, Sections 3601 et seq., which may supplement or override the Restrictions. Declarant makes no representations or warranties regarding the future enforceability of any portion of the Restrictions.

15.16. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant, nor any Guest Builder, or their agents or employees in connection with the Properties, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Declaration or a Guest Builder and except as may be filed by Declarant from time to time with the DRE.

15.17. Electric Power Lines. Underground or overhead electric transmission and distribution lines and transformers are located in and around the Properties. The lines and transformers are owned, operated and maintained by Southern California Edison Company. Power lines and transformers produce extremely low-frequency electromagnetic fields ("ELF-EMF") when operating. For some time, there has been speculation in the scientific community about health risks associated with living near ELF-EMF sources. In 1992, the United States Congress authorized the Electric and Magnetic Fields Research and Public Information Dissemination Program ("EMF-RAPID Program") to perform research on these issues and to analyze the existing scientific evidence in order to clarify the potential for health risks from exposure to ELF-EMF. In May of 1999, the National Institute of Environmental Health Sciences ("NIEHS") issued a report to Congress summarizing its review of scientific data from over three hundred studies on ELF-EMF health risks. The ELF-EMF studies consist of both epidemiological studies (studies of exposure in human populations) and controlled laboratory experiments on animal and cell models. While some epidemiological studies suggested some link between certain health effects and exposure to ELF-EMF, the laboratory experiments did not support such a link. According to the NIEHS report, the scientific evidence shows no clear pattern of health hazards from ELF-EMF exposure, and the NIEHS report did not find evidence of any link sufficient to recommend widespread changes in the design or use of electrical transmission equipment. However, because the evidence does not clearly rule out any effect, NIEHS advocated continuing inexpensive and safe reductions in exposure to ELF-EMF and endorsed current utility practices regarding design and siting of new transmission and distribution lines. Further information on this subject is available from the Electric and Magnetic Fields Program, California Department of Health Services, 1515 Clay Street, 17th Floor, Oakland, California 94612, at (510) 622-4500, or from Glen Sias, Regional EMF Manager, Southern California Edison, 1721 22nd Street, Santa Monica, California 90404, (319) 315-3234).

Additional information on ELF-EMF and copies of the NIEHS report are available from the EMF-RAPID website at <http://www.niehs.nih.gov/emfrapid/home.htm>.

15.18. Post-Tension Slabs. Each Owner hereby acknowledges that the concrete slab for some or all of the Residences constructed on the Properties may have been reinforced with a grid of steel cable which was installed in the concrete and then tightened to create a very high tension. This type of slab is commonly known as a "post-tension slab system" ("System"). Each Owner further acknowledges that cutting into the System for any reason (e.g., to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Residence and/or personal injury. By accepting a grant deed to a residential Lot, each Owner hereby specifically covenants and agrees that:

- (a) Owner shall not cut into or otherwise tamper with the System;
- (b) Owner shall not knowingly permit or allow any other person to cut into or tamper with the System, other than a licensed contractor who has been informed that the slab is post-tensioned and who has identified the location of the cables running within the slab;
- (c) Owner shall disclose the existence of the System (if any) to any tenant, subsequent purchaser or lessee of the residential Lot, and
- (d) Owner shall indemnify and hold the Declarants and each Guest Builder, and their respective officers, employees, contractors and agents, free and harmless from and against any and all claims, damages, losses or other liability (including attorneys' fees) arising from any breach of this Section.

15.19. Calleguas Water District Reservoir. The Calleguas Water District ("District") has constructed a water reservoir approximately in the location depicted on *Exhibit G*. By accepting a deed to a Lot in the Properties, each Owner acknowledges, understands and agrees that (i) the District owns and controls the reservoir, which has a capacity of four million gallons, (ii) the reservoir is not part of the Common Area, (iii) no Owner has any right of access or use of the reservoir, and (iv) neither Declarant nor any Guest Builder nor the Association has any control over the operation of the reservoir, or maintenance of water levels in the reservoir. Children and animals must be closely monitored when in the area of the reservoir to avoid injury.

15.20. Effect of Expansive Soil. The soil in the Properties may be composed of materials that have "expansive" characteristics. Owners should perform soils testing, use special construction techniques and take precautions when constructing new Improvements or modifying existing Improvements because the soil expands when it is wet and can cause Improvements to lift and crack. Owners should consider the following information and recommendations before making or modifying any Improvements:

- (a) Concrete and Masonry Improvements. Special attention is required in designing concrete and masonry Improvements such as masonry walls and planters, concrete slabs, pools, spas and decking. For example, steel

reinforcing bars may be required in lieu of steel mesh in concrete patio slabs. Block walls may require extra horizontal and vertical steel reinforcing bars. Pools and spas located at the top or bottom of a slope or on expansive soils may require special designs.

(b) Drainage and Irrigation. Owners must use adequate drainage and irrigation control. The construction or modification of Improvements should not result in ponding of water. The landscape irrigation system should be designed and operated to prevent excessive saturation of soils. Water must drain away from footings and other Improvements and obstructions such as walls should not be constructed across swales unless adequate replacement drainage Improvements have been installed or created. Planters should be lined with an impervious surface and should contain outlets to drain excess water.

(c) Slope Creep. While horizontal and vertical movement (often described as "slope creep") is generally minor in nature and does not always occur, it may affect Improvements such as pools, spas, patios, walls, slabs, planters, decking and the like. Slope creep can cause pools, spas and walls to tilt and crack and may cause cracking or lifting in brickwork or concrete in a manner that will allow these Improvements to function yet not meet the Owner's cosmetic expectations. Professional soils and structural engineers should be retained to design such Improvements to mitigate the effects of slope creep and to ensure compliance with special rules for such Improvements that are required under the Uniform Building Code or other applicable regulations. If possible, Improvements should not be constructed within ten (10) feet of the edge, top or toe of a slope. Even with professional assistance, minor lifting and cracking can occur.

15.21. Entry Facilities. The main entrance to the Properties will be improved with a gate house, electronic entry gate and related equipment ("Entry Facilities"). Declarant will convey fee title to the Entry Facilities to the Association. The Association shall thereafter operate and maintain the Entry Facilities.

Since all builders in the Properties may use their model complexes to market and sell their lots/units, control and operation of the Entry Facilities has been reserved to Declarant until all marketing and sales programs of Declarant and Guest Builders in the Properties have concluded. As a result, access to the Properties may be open to the public for an extended period of time after all of the Lots in the Properties have been sold.

The Association or Declarant may provide an attendant at the Entry Facilities. All decisions concerning staffing, and whether it is continued, will be made in the sole discretion of Declarant, or the Association after conveyance of the Entry Facilities. Entry Facilities staffing may be eliminated at any time.

15.22. Security and Privacy Disclaimer. Entry Facilities in the Properties are not intended to provide security for Persons, personal property or Residences in the Properties.

Neither Declarant nor the Association nor any Guest Builder undertakes to provide security for the Properties nor do any of them make any representations or warranties whatsoever concerning the effect the Entry Facilities may have on vehicular and pedestrian access through the Properties, or the privacy and safety of the Properties.

15.23. View Obstructions. Each Owner acknowledges that (a) there are no protected views within the Properties, and no Lot is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping or other installation of Improvements by Declarant, any Guest Builder or other Owners may impair the view from any Lot, and the Owners hereby consent to such view impairment.

15.24. Lighting and Landscape District 79-2. Each Owner acknowledges that his respective Lot is in or will be annexed to Lighting and Landscape District 79-2 ("Lighting District"). The annual assessment of the Lighting District will appear on each Owner's Ventura County property tax statement.

ARTICLE XVI

16. ANNEXATION OF ADDITIONAL PROPERTY. Additional real property may be annexed to Phase 1 and such additional real property may become subject to this Declaration by any of the following methods:

16.1. Additions by Declarant. Declarant may add the Annexable Territory, or any portion or portions thereof (including any Common Area located therein), to the Properties and bring such added territory within the general plan of this Declaration without the approval of the Association, the Board, or Members, so long as Declarant owns any portion of the Annexable Territory. As each Phase is developed, Declarant may, with respect thereto, Record a supplemental declaration ("Supplemental Declaration") which may supplement this Declaration with such additional covenants, conditions, restrictions, reservations and easements as Declarant may deem appropriate for that Phase. Any real property to be annexed by a Guest Builder must be approved by Declarant in writing prior to annexation in accordance with this Article XVI.

16.2. Other Additions. In addition to the provisions for annexation specified in Section 16.1 above, additional real property may be annexed to the Properties and brought within the general plan of this Declaration upon the approval by vote or written consent of Members entitled to exercise no less than two-thirds (2/3rds) of the Association's voting power.

16.3. Rights of Added Territory Members. Subject to the provisions of Section 16.4, upon the Recording of a Notice of Addition containing the provisions as set forth in this Section, all provisions contained in this Declaration will apply to the real property described in such Notice of Addition (the "Added Territory") in the same manner as if it were originally covered by this Declaration. Thereafter, the rights, powers and responsibilities of the parties to this Declaration with respect to the Added Territory will be the same as with respect to the property originally covered hereby, and the rights, powers and responsibilities of the Owners, lessees and occupants of Lots within the Added Territory, as well as within the property

originally subject to this Declaration, will be the same as if the Added Territory were originally covered by this Declaration. From and after the first day of the first month following the first Close of Escrow in the Added Territory, the Owners of Lots located in the Added Territory shall share in the payment of assessments to the Association to meet Common Expenses of the entire Properties as provided in Section 6.7 hereof. Voting rights attributable to the Lots in the Added Territory do not vest until Annual Assessments have commenced as to such Lots.

16.4. Notice of Addition. The additions authorized under Sections 16.1 and 16.2 must be made by Recording a Notice of Addition, or other similar instrument (which notice or instrument may contain the Supplemental Declaration, if any, affecting each such Phase), with respect to the Added Territory ("Notice of Addition") which will extend the general plan of this Declaration to such Added Territory. The Notice of Addition for any addition under Section 16.1 must be signed by Declarant and, if applicable, the Guest Builder. The Notice of Addition for any addition under Section 16.2 must be signed by at least two (2) officers of the Association to certify that the requisite Member approval under Section 16.2 was obtained. The Recordation of said Notice of Addition effectuates the annexation of the Added Territory described therein, and thereupon said Added Territory will constitute a part of the Properties, become subject to this Declaration and encompassed within the general plan of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained herein, and become subject to the Association's functions, powers and jurisdiction; and the Owners of Lots in the Added Territory will automatically become Members. Such Notice of Addition may contain a Supplemental Declaration with such additions and modifications of the covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Declaration as may be necessary to reflect the different character, if any, of the Added Territory, or as Declarant deems appropriate in the development of the Added Territory, and as are not inconsistent with the general plan of this Declaration. In no event, however, may such Notice of Addition or Supplemental Declaration revoke, modify or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitudes established by this Declaration as the same pertain to the real property originally covered by this Declaration. Concurrently with the first Close of Escrow for the sale of a Lot in any Phase annexed to the Properties in accordance herewith, Declarant shall pay to the Association an appropriate amount (as determined by DRE) for reserves for replacement or deferred maintenance of the Common Area in such Phase necessitated by or arising out of the use and occupancy of the Residences in such Phase under a rental program conducted by Declarant if such rental program was in effect for at least one (1) year prior to such first Close of Escrow.

16.5. Deannexation and Amendment. Declarant, acting alone, or Declarant and a Guest Builder acting together if the Phase is owned by the Guest Builder, may amend a Notice of Addition or delete all or a portion of a Phase from coverage of this Declaration and the Association's jurisdiction so long as Declarant or the Guest Builder is the owner of all of such Phase and provided that (a) an amending instrument or a Notice of Deletion of Territory, as applicable, is Recorded in the same manner as the applicable Notice of Addition was Recorded. (b) Declarant or the Guest Builder who owns the Phase has not exercised any Association vote with respect to any portion of such Phase. (c) assessments have not yet commenced with respect to any portion of such Phase. (d) Close of Escrow has not occurred for the sale of any Lot in such

Phase, (e) the Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase.

This Declaration is dated for identification purposes OCTOBER 4, 2000.

SHEA HOMES LIMITED PARTNERSHIP, a
California limited partnership

By: J.F. SHEA CO., INC., a Nevada corporation
Its: General Partner

By: [Signature]
Name: John Franklin
Title: Asst Secy

By: [Signature]
Name: Takashi Fujii
Title: Asst Secy

"Declarant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF Ventura)

On October 4, 2000, before me, Joanne Phillips, Notary Public
personally appeared John Franklin and Takashi Fujii,
personally known to me ~~(or proved to me on the basis of satisfactory evidence)~~ to be the
person(s) whose name(s) ~~(is)~~ (are) subscribed to the within instrument and acknowledged to me
that ~~(he)~~ ~~(she)~~ (they) executed the same in ~~(his)~~ ~~(her)~~ (their) authorized capacity(ies), and that by
~~(his)~~ ~~(her)~~ (their) signature(s) on the instrument the person(s), or the entity upon behalf of which
the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



(SEAL)

[Signature]
Notary Public in and for said State

EXHIBIT "A"

ARTICLES OF INCORPORATION OF THE ASSOCIATION



SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

July 7, 2000

Bill Jones

Secretary of State

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

JAN 13 2000

BILL JONES, Secretary of State

ARTICLES OF INCORPORATION
OF
WOODRIDGE COMMUNITY ASSOCIATION

ONE: The name of this corporation ("Corporation" herein) is
WOODRIDGE COMMUNITY ASSOCIATION.

TWO: This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

THREE: The Corporation's initial agent for service of process is Tak Fujii, whose business address is 555 Saint Charles Drive, Suite 205, Thousand Oaks, California 91360.

FOUR: The Corporation shall have and exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Mutual Benefit Corporation Law may now or hereafter have or exercise, provided that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of the Corporation, which is to operate a homeowners Corporation within the meaning of Section 23701t of the California Revenue and Taxation Code and Section 528 of the Internal Revenue Code and to manage a common interest development under the Davis-Stirling Common Interest Development Act. The Corporation does not have a corporate office. The common interest development is near the intersection of Sunset Hills Boulevard and Heavenly Ridge Street, Thousand Oaks, California 91360-0000.

FIVE: The classes of Membership and the voting and other rights and privileges of Members shall be as set forth in the Bylaws. So long as there are two classes of Membership, amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, and (ii) Members representing a bare majority of the voting power of each class of Members. After conversion of the Class B Membership to Class A Membership, amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, (ii) Members representing a bare majority of the total voting power of the Members, and (iii) Members representing a bare majority of the voting power of the Members other than the Subdivider of the Project ("Declarant").

SIX: The Corporation has no managing agent.

The undersigned, who is the incorporator of the Corporation, has executed these Articles of Incorporation on January 10, 2000

Tak Fujii



EXHIBIT "B"

BYLAWS OF THE ASSOCIATION

BYLAWS
OF
WOODRIDGE COMMUNITY ASSOCIATION

TABLE OF CONTENTS
FOR BYLAWS OF
WOODRIDGE COMMUNITY ASSOCIATION

<u>DESCRIPTION</u>	<u>PAGE</u>
1. General Plan of Ownership.....	1
1.1. Name.....	1
1.2. Application.....	1
1.3. Definitions.....	1
2. Voting By Association Membership.....	1
2.1. Voting Rights.....	1
2.2. Majority of Quorum.....	2
2.3. Quorum.....	2
2.4. Proxies.....	2
3. Administration.....	5
3.1. Association Responsibilities.....	5
3.2. Place of Meetings of Members.....	5
3.3. Annual Meetings of Members.....	5
3.4. Special Meetings of Members.....	6
3.5. Notice.....	6
3.6. Record Dates.....	6
3.7. Adjourned Meetings.....	7
3.8. Order of Business.....	7
3.9. Action Without Meeting.....	7
3.10. Consent of Absentees.....	7
3.11. Minutes, Presumption of Notice.....	8
3.12. Inspector of Elections.....	8

4.	Board of Directors.....	8
4.1.	Number and Qualification.....	8
4.2.	Powers and Duties.....	9
4.3.	Special Powers and Duties.....	9
4.4.	Management Agent.....	12
4.5.	Election and Term of Office.....	12
4.6.	Books, Audit.....	13
4.7.	Vacancies.....	17
4.8.	Removal of Directors.....	17
4.9.	Organization Meeting of Board.....	18
4.10.	Regular Meetings of Board.....	18
4.11.	Special Meetings of Board.....	18
4.12.	Other Meetings of the Board.....	18
4.13.	Waiver of Notice.....	19
4.14.	Action Without Meeting.....	19
4.15.	Quorum and Adjournment.....	19
4.16.	Committees.....	20
5.	Officers.....	20
5.1.	Designation.....	20
5.2.	Election of Officers.....	20
5.3.	Removal of Officers.....	20
5.4.	Compensation.....	20
5.5.	President.....	21
5.6.	Vice President.....	21
5.7.	Secretary.....	21
5.8.	Treasurer.....	21
6.	Obligation of Members.....	22
6.1.	Assessments.....	22
6.2.	Maintenance and Repair.....	22
7.	Amendments to Bylaws.....	22

8.	Mortgagees.....	23
8.1.	Notice to Association.....	23
8.2.	Notice of Unpaid Assessments.	23
9.	Conflicting Provisions.	23
10.	Indemnification of Directors and Officers.....	23
11.	Miscellaneous.	23
11.1.	Checks, Drafts and Documents.....	23
11.2.	Execution of Documents.....	24
11.3.	Availability of Association Documents.....	24
11.4.	Fiscal Year.....	24
12.	Notice and Hearing Procedure.....	25
12.1.	Suspension of Privileges.....	25
12.2.	Written Complaint.....	25
12.3.	Notice of Hearing.....	26
12.4.	Hearing.....	26
	CERTIFICATE OF SECRETARY	28

BYLAWS
OF
WOODRIDGE COMMUNITY ASSOCIATION

ARTICLE I

1. General Plan of Ownership.

1.1. Name.

The name of the corporation is Woodridge Community Association, hereinafter referred to as the "Association." The principal office of the Association shall be located in Ventura County, California.

1.2. Application.

The provisions of these Bylaws are applicable to the phased planned residential development known as Woodridge, located in the County of Ventura, State of California (the "Properties"). All present and future Owners and their tenants, future tenants, employees, and any other person who might use the facilities of the Properties in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Woodridge (the "Declaration" herein) Recorded or to be Recorded in the Official Records of Ventura County and applicable to the Properties. The mere acquisition or rental of any Lot in the Properties or the mere act of occupancy of any Lot will signify that these Bylaws are accepted, ratified, and will be complied with.

1.3. Definitions.

Unless otherwise provided herein, the capitalized terms in these Bylaws have the same meanings as are given to such terms in the Declaration.

ARTICLE II

2. Voting By Association Membership.

2.1. Voting Rights.

The Association has two (2) classes of voting Membership, as follows:

Class A. Class A Members are those Owners with the exception of Declarant for so long as there exists a Class B Membership. Class A Members are entitled to one (1) vote for each Lot owned and subject to assessment as further provided in the Declaration.

Class B. The Class B Member is Declarant. The Class B Member is entitled to three (3) votes for each Lot owned by Declarant and subject to assessment, provided that the Class B Membership shall cease and be converted to Class A Membership immediately upon the first to occur of the following events:

(1) The second anniversary of the first
Close of Escrow in the most recent Phase; or

(2) The fourth anniversary of the first Close of
Escrow in Phase 1.

All voting rights are subject to the Restrictions. Except as provided in Section 15.10 of the Declaration and Section 4.8 of these Bylaws, any provision of the Restrictions which requires the vote or written consent of a specified percentage of the Association's voting power before action may be undertaken (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) requires the approval of such specified percentage of (a) each class of Membership so long as a Class B Membership exists, and (b) both the Association's total voting power and the Association's voting power residing in Members other than Declarant.

2.2. Majority of Quorum.

Unless otherwise provided in the Restrictions, any action which may be taken by the Association may be taken by a majority of a quorum of the Members.

2.3. Quorum.

Except as otherwise provided in these Bylaws, the presence in person or by proxy of twenty-five percent (25%) of the Association's voting power constitutes a quorum of the Membership. Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a meeting is actually attended, in person or by proxy, by Members having less than one-third (1/3) of the Association's voting power, then no matter may be voted upon except such matters notice of the general nature of which was given pursuant to Section 3.5 hereof. No action by the Members on any such matter is effective if the votes cast in favor are fewer than the minimum number of votes required by the Restrictions to approve such an action.

2.4. Proxies.

Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary in advance of each meeting. Every proxy is revocable and automatically ceases after completion of the meeting for which the proxy was filed. Any form of proxy or written ballot distributed by any person to the Members must afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it is not mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or

written ballot must provide that, when the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy must also identify the person or persons authorized to exercise the proxy and the length of time it will be valid. No proxy is valid with respect to a vote on any matter described in Section 7613(g) of the California Corporations Code unless the general nature of the proposal was set forth in the proxy.

2.5. Actions by Designated Services Areas.

The only actions that must be taken by Members in a Designated Services Area are approvals of certain increases in the Designated Services Area component of Annual Assessments, certain aggregate increases in Annual Assessments and imposition of certain Designated Services Area Capital Improvement Assessments. The quorum and approval requirements for these actions are set in Sections 6.5 and 6.6 of the Declaration.

2.6. Provisions Applicable to Designated Services Area Actions.

(1) Voting by Proxy. Votes may be cast at a meeting in person or by proxy. Proxies must be in writing, signed by the Member granting the proxy, dated and filed with the Secretary in advance of any meeting. Every proxy is revocable and automatically ceases after completion of the meeting for which the proxy was filed. Any form of proxy distributed must afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon. The proxy must provide that, when the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy must also identify the Person or Persons authorized to exercise the proxy and the length of time it will be valid.

(2) Place of Meetings. Meetings shall be held in the Properties or such other practical and convenient place as designated by the Board.

(3) Calling Meetings. The Board shall call a meeting of the Members in a Designated Services Area (a) as directed by resolution of a majority of a quorum of the Board, (b) by request of the President of the Master Association, or (c) upon receipt of a petition signed by Members representing at least five percent (5%) of the Master Association's voting power in the Designated Services Area. The Secretary shall give notice of any meeting within twenty (20) days after adoption of such resolution or receipt of such request or petition. The notice must state the date, time and places of such meeting and the general nature of the business to be transacted. The meeting must be held not less than thirty-five (35) nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business may be transacted at a meeting except as stated in the notice.

(4) Notice. The Secretary shall send a notice of each meeting delivered personally, by first class mail or by any other written means of communication, including by a system of technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means, stating the purpose of the meeting and the day, hour and place(s) where the meeting is to be held, to each Member of record in the Designated Services Area, at least ten (10) but not more than ninety (90) days prior to such meeting. The notice may set forth time limits for speakers and other procedures for running the meeting. The notice must specify those matters the Board intends to present for action by the Members. Once a notice is sent, it shall be considered received forty-eight (48) hours after being sent.

(5) Record Dates. The Board may fix a date as a record date for determining the Members entitled to notice of any meeting of a Designated Services Area. The record date so fixed must be not less than ten (10) nor more than ninety (90) days prior to the date of the meeting. If the Board does not fix a record date for notice, the record date is the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date in the future as a record date for determining the Members entitled to vote at any meeting of a Designated Services Area or by written ballot. The record date so fixed must be not more than sixty (60) days prior to the date of the meeting or cut off date for receipt of the ballot. If the Board does not fix a record date for determining Members entitled to vote, Members on the day of the meeting or the date the written ballot is distributed who are otherwise eligible to vote are entitled to vote at the meeting.

(6) Order of Business. Meetings must be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. The order of business at all meetings of the Members is as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting (if any); (d) unfinished business; and (e) new business.

(7) Action By Written Ballot. Any action which may be taken at a meeting of the Members in a Designated Services Area may be taken without a meeting by written ballot. Ballots must be solicited and returned in the same manner as provided for the giving of notice of meetings. Such solicitations must specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The ballot must afford an opportunity to specify a choice between approval and disapproval of each matter and must provide that, where the Member specifies a choice, the vote shall be

recorded in accordance therewith. Receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting, and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast, constitutes approval by written ballot.

(8) **Distribution of Ballots.** For each issue submitted to the Members in a Designated Services Area for vote by written ballot, the Board will prepare and distribute (i) a statement describing the proposal and potential arguments for and against the proposal, (ii) a form of written ballot, and (iii) any other information required by law.

(9) **Consent of Absentees.** The transactions of any meeting of Members in a Designated Services Area, however called and noticed, are as valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present either in person or by proxy, and (b) either before or after the meeting, each of the Members not present in person or by proxy signs (i) a written waiver of notice, (ii) a consent to the holding of such meeting, or (iii) an approval of the minutes thereof. The Secretary shall file all such waivers, consents or approvals with the corporate records or make them a part of the minutes of the meeting.

(10) **Minutes, Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Members in a Designated Services Area, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes executed by the Secretary that notice of the meeting was properly given constitutes prima facie evidence that such notice was given.

ARTICLE III

3. Administration.

3.1. Association Responsibilities.

In accordance with the Declaration, the Association is responsible for administering the Properties, maintaining and repairing the Common Area and the Association Maintenance Areas, approving the Budget, establishing and collecting all assessments authorized under the Declaration, and arranging for overall architectural control of the Properties.

3.2. Place of Meetings of Members.

Meetings of the Members shall be held on the Properties or such other suitable place as proximate thereto as practical and convenient to the Members as designated by the Board.

3.3. Annual Meetings of Members.

The first annual meeting of Members shall be held within six (6) months after the first Close of Escrow for the sale of a Lot in the Properties. Thereafter, the annual meetings shall be held on or about the anniversary date of the first annual meeting. Each first Mortgagee may designate a representative to attend all annual meetings.

3.4. Special Meetings of Members.

The Board shall call a special meeting of the Members (a) as directed by resolution of a majority of a quorum of the Board, (b) by request of the President of the Association, or (c) upon receipt of a petition signed by Members representing at least five percent (5%) of the Association's total voting power. The Secretary shall give notice of any special meeting within twenty (20) days after adoption of such resolution or receipt of such request or petition. The notice must state the date, time and place of such meeting and the general nature of the business to be transacted. The special meeting must be held not less than thirty-five (35) nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business may be transacted at a special meeting except as stated in the notice. Each first Mortgagee may designate a representative to attend all special meetings.

3.5. Notice.

The Secretary shall send a notice of each annual or special meeting by first-class mail, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record and to each first Mortgagee who has filed a written request for notice with the Secretary, at least ten (10) but not more than thirty (30) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice must specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. The notice of any meeting at which Directors are to be elected must include the names of all nominees at the time the notice is given to Members. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice must be posted in a conspicuous place on the Common Area and is deemed served upon a Member upon posting if no address has been then furnished the Secretary.

Notwithstanding any other provision of these Bylaws, approval by the Members of any of the following proposals, other than by unanimous approval of those Members entitled to vote, is not valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (a) removing a Director without cause; (b) filling vacancies on the Board; (c) approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest; (d) amendment of the Articles; or (e) electing to wind up and dissolve the Association.

3.6. Record Dates.

The Board may fix a date as a record date for the determination of the Members entitled to notice of any meeting of Members. The record date so fixed must be not less than ten (10) nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for notice to Members, the record date for notice is the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date in the future as a record date for the determination of the Members entitled to vote at any meeting of Members. The record date so fixed must be not less than ten (10) nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for determining Members entitled to vote, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

3.7. Adjourned Meetings.

If any meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the original meeting date, at which meeting the quorum requirement is the presence in person or by proxy of Members holding at least twenty-five percent (25%) of the Association's voting power. Such an adjourned meeting may be held without the notice required by Section 3.5 if notice thereof is given by announcement at the meeting at which such adjournment is taken.

3.8. Order of Business.

Meetings of Members must be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. The order of business at all meetings of the Members is as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

3.9. Action Without Meeting.

Any action which may be taken at a meeting of the Members (except for the election of Directors) may be taken without a meeting by written ballot of the Members. Ballots must be solicited in the same manner as provided in Section 3.5 for the giving of notice of meetings of Members. Such solicitations must specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The form of written ballot must afford an opportunity to specify a choice between approval and disapproval of each matter and must provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting, and (ii) a number of approvals which equals or exceeds the number of votes which

would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast, constitutes approval by written ballot.

3.10. Consent of Absentees.

The transactions of any meeting of Members, either annual or special, however called and noticed, are as valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present either in person or by proxy, and (b) either before or after the meeting, each of the Members not present in person or by proxy signs (i) a written waiver of notice, (ii) a consent to the holding of such meeting, or (iii) an approval of the minutes thereof. The Secretary shall file all such waivers, consents or approvals with the corporate records or make them a part of the minutes of the meeting.

3.11. Minutes. Presumption of Notice.

Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes executed by the Secretary that notice of the meeting was properly given constitutes prima facie evidence that such notice was given.

3.12. Inspector of Elections.

Prior to any Members meeting, the Board may appoint inspectors of election for that meeting. There shall be at least three (3) inspectors of election. The decision, act or certification of a majority shall be effective as the decision, act or certification of all. Any report or certificate of the inspectors of election is prima facie evidence of the matters stated therein. Inspectors of election do not have to be Owners. If the Board does not appoint inspectors of election or if an inspector fails to appear at a meeting, the chairman of the Member's meeting may appoint the inspector of election. If the chairman fails to appoint the inspectors of election, then any Member may request that inspectors of election be appointed. If a Member makes such a request, then the inspectors of election shall be elected by a majority of the Members present in person or by proxy. In case of an action to be taken by the Members by written ballot, the Board may also appoint inspectors of election to count the ballots.

The inspector of election shall determine the number of Memberships outstanding, the voting power of each, the number of Members present at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the results and do such acts as may be proper to conduct the election or vote with fairness to all Members. The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical.

ARTICLE IV

4. Board of Directors.

4.1. Number and Qualification.

The property, business and affairs of the Association shall be governed and managed by a Board of Directors composed of five (5) Persons, each of whom, except for those appointed and serving as first Directors, must be either (a) an Owner or (b) an agent of Declarant for so long as Declarant owns a Lot or is entitled to unilaterally add any of the Annexable Territory to the Properties pursuant to the Declaration. The authorized number of Directors may be changed by a duly adopted amendment to the Bylaws. Directors may not receive any salary or compensation for their services as Directors unless such compensation is first approved by the vote or written consent of Members representing at least a majority of the Association's voting power; provided, however, that (i) nothing in these Bylaws precludes any Director from serving the Association in some other capacity and receiving compensation therefor, and (ii) any Director may be reimbursed for actual expenses incurred in performance of Association duties.

4.2. Powers and Duties.

The Board has the powers and duties necessary to administer the Association's affairs and may do all acts and things not by law or by these Bylaws directed to be exercised and done exclusively by the Members. The Board may not enter into any contract with a Person (including Declarant) wherein the Person will furnish goods or services for the Common Area, the Association Maintenance Areas or the Association for a term in excess of one (1) year, without the vote or written consent of Members representing at least a majority of the Association's voting power, except for the following:

- (a) a contract with a public utility company for a term that does not exceed the shortest term for which the public utility company will contract at the regulated rate if the rates charged for the materials or services are regulated by the California Public Utilities Commission;
- (b) prepaid casualty or liability insurance policies of not more than three (3) years' duration provided that the policies permit short-term cancellation by the Association;
- (c) agreements for cable television services and equipment or satellite dish television services and equipment with terms not in excess of five (5) years, provided that Declaration does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%);
- (d) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%);
- (e) a contract approved by the DRE for a term approved by the DRE;

(f) a contract for a term not to exceed three years that is terminable by the Association after no longer than one year without cause or penalty or other obligation upon 90 days written notice of termination to the other party.

4.3. Special Powers and Duties.

Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board has the following powers and duties:

(1) The power and duty to select, appoint and remove all Association officers, agents and employees, to prescribe such powers and duties for them as may be consistent with law and with the Restrictions; to fix their compensation and to require from them security for faithful service when the Board deems advisable.

(2) The power and duty to conduct, manage and control the Association's affairs, and to make and enforce such rules and regulations therefor consistent with law and with the Restrictions as the Board deems necessary or advisable.

(3) The power but not the duty to change the principal office for the transaction of the Association's business from one location to another within the County in which the Properties are located, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Section 3.2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, deems best, provided that such seal must at all times comply with the provisions of law.

(4) With the approval of Members representing at least two-thirds (2/3) of the Association's voting power, the power but not the duty to borrow money and incur indebtedness for the Association's purposes and to pledge Association assessments as collateral for such indebtedness. The Board shall cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(5) The power and duty to fix and levy Annual Assessments, Special Assessments and Reconstruction Assessments, as provided in the Declaration; to fix and levy in any Fiscal Year Capital Improvement Assessments applicable to that year only for capital improvements; to determine and fix the due date for the payment of such assessments; provided, however, that such assessments must be fixed and levied only to provide for the payment of Common Expenses and taxes

and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for the payment of expenses for labor rendered or materials or supplies used, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its Members, in accordance with the Declaration. Subject to any limitations imposed by the Declaration and these Bylaws, the Board may incur any and all such expenditures for any of the foregoing purposes and provide, or cause to be provided, adequate reserves for replacements as it deems to be necessary or advisable in the Association's interest or its Members' welfare. The funds collected by the Board from the Members for replacement reserves, maintenance recurring less frequently than annually, and capital improvements, is at all times held in trust for the Members. Disbursements from such trust reserve fund may only be made in accordance with the Declaration. The Board shall fix such Annual Assessments, Reconstruction Assessments, Special Assessments and Capital Improvement Assessments in accordance with the Declaration. If a Member fails to pay such assessments before delinquency, the Board may enforce the payment of such delinquent assessments as provided in the Declaration.

(6) The power and duty to enforce the Restrictions or any Association agreements.

(7) The power and duty to contract and pay for insurance in accordance with the Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on the Common Area or Association Maintenance Areas). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on the Association's behalf.

(8) The power and duty to contract and pay for maintenance, gardening, utilities, materials, supplies and services relating to the Common Area and Association Maintenance Areas and to employ personnel necessary to operate the Properties, including legal and accounting services, and to contract and pay for Improvements on the Common Area.

(9) The power but not the duty to delegate its powers according to law and to adopt these Bylaws.

(a) The power but not the duty to grant or quitclaim easements, licenses or rights of way in, on, or over the Common Area for purposes consistent with the intended use of the Properties as a planned residential development.

(10) The power and duty to adopt such Rules and Regulations as the Board deems necessary for managing the Properties, which Rules and Regulations will become effective and binding after (i) they are adopted by a majority of the Board at a meeting called for that purpose, or by the written consent of the Board in accordance with Section 4.13, and (ii) they are either (A) posted in a conspicuous place in the Common Area or (B) sent to the Members via first class U.S. mail. Such Rules and Regulations may concern, without limitation, use of the Common Area; signs; parking restrictions; minimum standards of property maintenance consistent with the Declaration and the procedures of the ARC; and any other matter within the Association's jurisdiction as provided in the Declaration; provided, however, that such Rules and Regulations are enforceable only to the extent they are consistent with the Restrictions.

(11) The power and duty to keep, or cause to be kept, a complete record of all Association acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members and at any other time that such statement is requested by at least ten percent (10%) of the Members who are entitled to vote.

(12) The power but not the duty to appoint a Membership Committee composed of at least one (1) Director and at least one (1) Member at large. The Membership Committee would be responsible for contacting all purchasers of Lots as soon as any transfer of title to a Lot is discovered. The Membership Committee would further attempt to establish initial contact with all Members who are delinquent in the payment of any assessments or other charges due the Association.

(13) The power but not the duty to sell property of the Association; provided, however, that the prior vote or written approval of Members representing at least a majority of the Association's voting power must be obtained to sell during any Fiscal Year property of the Association having an aggregate fair market value greater than five percent (5%) of the Association's budgeted gross expenses for that Fiscal Year.

4.4. Management Agent.

The Board may engage a professional Manager for the Association at a compensation established by the Board to perform such duties and services as the Board authorizes, including, but not limited to, the duties listed in Sections 4.2 and 4.3.

4.5. Election and Term of Office.

(1) At the first annual meeting of the Members, and thereafter at each annual meeting of the Members coinciding with the expiration of a Director's term of office or at which a vacancy on the Board exists, the Members shall elect new Directors by secret written ballot as provided in these Bylaws. All positions on the Board shall be filled at the first annual meeting. If an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at any special meeting of the Members held for that purpose. Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. The term of office of the three (3) Directors receiving the highest number of votes at the first annual meeting shall be three (3) years and the term of office of the two (2) Directors receiving the next highest number of votes at the first annual meeting shall be two (2) years. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by the death, resignation, removal, judicial adjudication of mental incompetence or expiration of the terms of past Directors. The term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be two (2) years. The term of office of each Director elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a Director may be reelected, and there is no limit on the number of terms which he may serve. Cumulative voting must be used in the election of Directors for any election in which more than two (2) Directors are to be selected, subject only to the following procedural requirements: A Member may cumulate his votes for any candidate for the Board if the candidate's name has been placed in nomination prior to the voting and if such Member, or any other Member, has given notice at the meeting prior to the voting of such Member's intention to cumulate votes. If a Member cumulates his votes, such Member may cast a number of votes equal to the Member's share of the voting power as set forth in the Declaration, multiplied by the number of Directors to be elected.

(2) Notwithstanding the foregoing, whenever (i) notice is given for an election of Directors, (ii) upon such date Declarant is either (A) entitled to exercise a Class B vote, or (B) entitled to exercise a majority of the Association's voting power and (iii) upon such date the Members other than Declarant do not have a sufficient percentage of the Association's voting power to elect a number of Directors representing at least twenty percent (20%) (though not less than one (1)) of the entire Board through the foregoing cumulative voting procedure, then such notice must also provide for the following special election procedure. Election of Directors will be first apportioned to the Members other than Declarant until the aggregate number of Directors elected by Members other than Declarant represents at least twenty percent (20%) (though not less than one (1)) of the entire Board. Any person is an eligible candidate for the special election

upon receipt by the Secretary of a Declaration of Candidacy, signed by the candidate, at any time prior to the election. Such election will be by secret written ballot. The person or persons receiving the greatest number of votes cast by the Members other than Declarant is elected to the Board in a coequal capacity with all other Directors. The remaining Members on the Board will be elected through the customary cumulative voting procedure outlined above.

4.6. Books, Audit.

The Board shall distribute the following financial information to all Members (and any Beneficiary, insurer and guarantor of a first Mortgage upon request), regardless of the number of Members or the amount of assets of the Association:

(1) A pro forma operating budget for each Fiscal Year consisting of at least the following information must be distributed not less than forty-five (45) nor more than sixty (60) days prior to the beginning of the Fiscal Year:

(1) The estimated revenue and Common Expenses computed on an accrual basis.

(2) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 1365.5 of the California Civil Code or any other applicable statute, as amended, which must be printed in bold type and include all of the following:

(1) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component for which the Association is responsible.

(2) As of the end of the Fiscal Year for which the study is prepared:

(1) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components for which the Association is responsible ("Estimated Reserves").

(2) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain the major components for

which the Association is responsible
("Actual Reserves").

(3) The percentage that the Actual Reserves is of
the Estimated Reserves.

(3) A statement as to whether the Board has determined
or anticipated that the levy of one or more Capital Improvement or
Reconstruction Assessments will be required to repair, replace, or
restore any major component for which the Association is
responsible or to provide adequate reserves therefor.

(4) A general statement setting forth the procedures used
by the Board in the calculation and establishment of reserves to
defray the costs of repair and replacement of, or additions to, major
components of the Common Area, the Association Maintenance
Areas and facilities for which the Association is responsible.

The Board may distribute a summary of the Budget in lieu of the Budget
itself, so long as the Board complies with the provisions of Section 1365(c) of the
California Civil Code as it may be amended. The information required under this
Section shall be prepared separately for each Designated Services Area and General
Assessment Component of Annual Assessments.

(2) A report consisting of the following must be distributed within one
hundred twenty (120) days after the close of the Fiscal Year:

(1) A balance sheet as of the end of the Fiscal Year.

(2) An operating (income) statement for the Fiscal Year.

(3) A statement of changes in financial position for the
Fiscal Year.

(4) Any information required to be reported under
Section 8322 of the California Corporations Code.

(5) For any Fiscal Year in which the Association's gross
income exceeds \$75,000, a copy of a review of the annual report
prepared in accordance with generally accepted accounting
principles by a licensee of the California State Board of
Accountancy.

(6) A statement of the place where the names and addresses of the Members is located.

If the report referred to in Section 4.6(b) is not prepared by an independent accountant, it must be accompanied by the certificate of an authorized Association officer stating that the statement was prepared from the Association's books and records without independent audit or review. The information required under this Section shall be prepared separately for each Designated Services Area and General Assessment Component of Annual Assessments.

(3) The Association shall distribute to all of its members a summary of the association's property, general liability, and earthquake and flood insurance policies, which shall be distributed within 60 days preceding the beginning of the association's fiscal year, that includes all of the following about each policy: (i) the name of the insurer, (ii) the type of insurance, (iii) the policy limits of the insurance, and (iv) the amount of deductibles, if any.

(1) The Association shall, as soon as reasonably practical, notify its members by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, for any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(2) To the extent that any of the information required to be disclosed is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all of its members.

(3) The summary distributed above shall contain, in at least 10-point boldface type, the following statement: "This summary of the Association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this

summary, the Association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the Fiscal Year a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Annual, Capital Improvement, Reconstruction and Special Assessments, including the recording and foreclosing of liens against Lots.

The Board shall do the following on at least a quarterly basis: (1) cause to be completed and review a current reconciliation of the Association's operating and reserve accounts, (2) review the current Fiscal Year's actual reserve revenues and expenses compared to the Budget for the then current Fiscal Year, (3) review the income and expense statement for the Association's operating and reserve accounts, and (4) review the most current account statements prepared by the financial institutions where the Association maintains its operating and reserve accounts. The signatures of either (i) two (2) Directors, or (ii) one (1) Director and one (1) Association officer (who is not also a Director) are required for withdrawal of money from the Association's reserve accounts. As used in this paragraph, the term "reserve accounts" means monies that the Board has identified from its Budget for use to defray the future repair and replacement of, or additions to, those major components which the Association is obligated to maintain.

The Board shall cause a study of the reserve account requirements and an inspection of the Properties to be conducted in accordance with Section 1365.5(e) of the California Civil Code. As used in this paragraph, "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace or restore those major components which the Association is obligated to maintain.

4.7. Vacancies.

Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Members shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Any vacancy caused by the removal of a Director shall be filled by a vote of the Members. A Director may resign at any time by giving notice to the President, the Secretary or the Board. Any Director who ceases to be an Owner or an agent of Declarant is deemed to have resigned from the Board. A vacancy is deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place. Any vacancy not filled by the Directors may be filled by vote of the

Members at the next annual meeting of the Members or at a special meeting of the Members called for such purpose.

4.8. Removal of Directors.

At any regular or special meeting of the Members duly called, any one individual Director or the entire Board may be removed prior to the expiration of their terms of office with or without cause as follows: (i) for so long as fewer than fifty (50) Lots are included within the Properties, by the vote of Members representing a majority of the Association's total voting power (including votes attributable to Declarant), and (ii) once fifty (50) or more Lots are included within the Properties, by the vote of Members representing a majority of a quorum of Members.

Notwithstanding the foregoing, if the entire Board is not removed as a group pursuant to a single vote, no individual Director may be removed if the number of votes cast against his removal would be sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the Director's most recent election were then being elected. Any Director whose removal has been proposed by the Members must be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed at a meeting, new Directors may be elected at the same meeting. Notwithstanding the foregoing, any Director who has been elected to office solely by the votes of Members other than Declarant pursuant to Section 4.5(b) may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the Association's voting power residing in Members other than Declarant.

4.9. Organization Meeting of Board.

The first regular ("organization") meeting of a newly elected Board must be held within ten (10) days of election of the Board, at such place as is fixed and announced by the Directors at the meeting at which such Directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice is necessary to the newly elected Directors in order legally to constitute such meeting; provided that (a) a majority of the whole Board is present when the time and place are announced at the annual meeting and (b) the meeting is held on the same day and at the same place as the annual meeting of the Members at which the newly constituted Board was elected.

4.10. Regular Meetings of Board.

Regular meetings of the Board must be open to all Members. Regular meetings may be held at such time and place within the Properties as is determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings must be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board shall be given to each Director at least four (4) days prior to the date named for such meeting, personally or by mail, telephone or telegraph or posted at a prominent place or places within the Common Area.

4.11. Special Meetings of Board.

Special meetings may be called by the President or by any two (2) Directors by posting notice at least four (4) days prior to such meeting at a prominent place or places within the Common Area or upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. The notice must state the time, place and purpose of the meeting.

4.12. Other Meetings of the Board.

Any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session, shall constitute a meeting of the Board. All Members shall have the right to attend any regular, special or other meeting of the Board, except an executive session. Members who are not Directors may not participate in any deliberation or discussion at such meetings unless authorized by a vote of a majority of a quorum of the Board. However, at each Board meeting, except for executive sessions, the Board must set aside time for Members to speak, subject to reasonable time limitations imposed by the Board. Generally, if a meeting of the Board is not a regular or special meeting, then Members shall be given notice of the time and place of the meeting at least four (4) days prior to the meeting. Notice required by this Section may be given by posting the notice in a prominent place or places within the Common Property, by mail or delivery of the of the notice to each Lot in the Properties, or by newsletter or other similar means of communication. If there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which of necessity make it impracticable to provide notice to the Members, then an emergency meeting of the Board may be called by the President or any two other members of the Board without providing notice to the Members.

4.13. Waiver of Notice.

Before or at any meeting of the Board, any Director may, in writing, waive personal notice of such meeting and such waiver is equivalent to the giving of notice to such Director. Attendance by a Director at any Board meeting waives personal notice by him of the time and place thereof. If all the Directors are present at any Board meeting, no notice to Directors is required and any business may be transacted at such meeting. The transactions of any Board meeting, however called and noticed or wherever held, are as valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present, (b) notice to the Members of such meeting was posted as provided in Sections 4.10 and 4.11, and (c) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. The Secretary shall file all such waivers, consents and approvals with the Association's records or make them a part of the minutes of the meeting.

4.14. Action Without Meeting.

The Board may act without a meeting if all Directors consent in writing to such action. Such written consent or consents must be filed with the minutes of the proceedings of the Board. Such action by written consent has the same effect as a unanimous vote of such Directors. Within three

(3) days after the written consents of all Directors have been obtained, an explanation of any action taken by unanimous written consent without a meeting must be either (a) posted by the Board in a prominent place or places in the Common Area, or (b) communicated to the Members by another means the Board determines to be appropriate.

4.15. Quorum and Adjournment.

Except as otherwise expressly provided herein, at all meetings of the Board, a majority of the Directors constitutes a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present are the acts of the Board. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting to another time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present. The Board may, with the approval of a majority of the Directors present at a meeting at which a quorum has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation, matters relating to the formation of contracts with third parties, or Member discipline. The nature of any and all business to be considered in executive session must first be announced in open session and must be generally noted in the minutes of the Board. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested by that Member, and the Member may attend the executive session.

4.16. Committees.

The Board may by resolution designate such advisory and other committees as it desires, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee must (a) provide for the appointment of its members and a chairman, (b) state the purposes of the committee, and (c) provide for reports, termination and other administrative matters the Board deems appropriate.

ARTICLE V

5. Officers.

5.1. Designation.

The Association's principal officers are a President, a Vice President, a Secretary, and a Treasurer, all elected by the Board. The Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as it determines to be necessary. Officers other than the President need not be Directors. Any Person may hold more than one office.

5.2. Election of Officers.

The Board shall annually elect the Association's officers at the new Board's Organization Meeting. Each officer shall hold his office at the pleasure of the Board, until he resigns or is removed or otherwise disqualified to serve or his successor is elected and qualified to serve.

5.3. Removal of Officers.

Upon an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary. Any such resignation is effective on the date of receipt of such notice or at any later time specified therein. Unless specified in the notice, acceptance of the resignation by the Board is not necessary to make it effective.

5.4. Compensation.

Officers, agents, and employees shall receive such reasonable compensation for their services as is authorized or ratified by the Board; provided, however, that no officer may receive any compensation for services performed in the conduct of the Association's business unless such compensation is approved by the vote or written consent of Members representing at least a majority of the Association's voting power; and provided further that (a) nothing in these Bylaws precludes any officer from serving the Association in some other capacity and receiving compensation therefor, and (b) any officer may be reimbursed for actual expenses incurred in the performance of Association duties. Appointment of any officer, agent, or employee does not of itself create contractual rights of compensation for services performed by such officer, agent, or employee. Notwithstanding the foregoing, no officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation.

5.5. President.

The President is the chief executive officer of the Association and shall (a) preside at all Association and Board meetings, (b) have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Section 4.15, to appoint committees from among the Members as he decides is appropriate to assist in the conduct of the Association's affairs, and (c) subject to the control of the Board, have general supervision, direction and control of the Association's business. The President is ex officio a member of all standing committees and has such other powers and duties as may be prescribed by the Board or these Bylaws.

5.6. Vice President.

The Vice President shall take the President's place and perform the President's duties whenever the President is absent, disabled, refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as imposed by the Board or these Bylaws.

5.7. Secretary.

The Secretary shall (a) keep the minutes of all meetings of the Board and the minutes of all meetings of the Association at the Association's principal office or at such other place as the Board may order, (b) keep the Association's seal in safe custody, (c) have charge of such books and

papers as the Board may direct, (d) in general, perform all of the duties incident to the office of Secretary, (e) give, or cause to be given, notices of meetings of the Members and of the Board required by these Bylaws or by law to be given, (f) maintain a record book of Members, listing the names, mailing addresses and telephone numbers of the Members as furnished to the Association ("Membership Register"), (g) record the termination or transfer of ownership by any Member in the Membership Register, together with the date of the transfer, in accordance with the Declaration, and (h) perform such other duties as prescribed by the Board or these Bylaws.

5.8. Treasurer.

The Treasurer is the Association's chief financial officer and is responsible for Association funds and securities. The Treasurer shall (a) keep, or cause to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association, (b) be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as the Board designates, (c) disburse the Association's funds as ordered by the Board, in accordance with the Declaration, (d) render to the President and Directors, upon request, an account of all transactions as Treasurer and of the Association's financial condition, and (e) have such other powers and perform such other duties prescribed by the Board or these Bylaws.

ARTICLE VI

6. Obligation of Members.

6.1. Assessments.

(1) All Members shall pay, in accordance with the Declaration, all assessments imposed by the Association, to meet Common Expenses.

(2) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

6.2. Maintenance and Repair.

(1) Every Member must perform promptly, at his sole cost, such maintenance and repair work on his Lot as the Declaration requires. All plans for alteration and repair of Improvements on the Lots must receive the ARC's prior written consent. The ARC shall establish reasonable procedures for the granting of such approval, in accordance with the Declaration.

(2) Each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area or the Association Maintenance Areas which are damaged through the fault of such Member or his family, guests, tenants or invitees. Such expenditures include all

court costs and reasonable attorneys' fees incurred in enforcing any provision of the Restrictions.

ARTICLE VII

7. Amendments to Bylaws.

These Bylaws may be amended by the vote or written consent of Members representing at least (a) a majority of the voting power of each class of the Members, and (b) a majority of the Association's voting power residing in Members other than Declarant; provided that the specified percentage of each class of Members necessary to amend a specific Section or provision of these Bylaws may not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. Notwithstanding the foregoing, these Bylaws may be amended by a majority of the entire Board, (i) at any time prior to the Close of Escrow for the sale of the first Lot, or (ii) if the proposed amendment is required to conform the Bylaws to the requirements of VA, FHA, DRE, FNMA, GNMA or FHLMC and is within the Board's power to adopt without Member approval pursuant to the California Corporations Code. In addition to the foregoing, any amendment to these Bylaws which materially affects matters delineated in Article XIII or Section 15.5 of the Declaration must be approved by the Beneficiaries of that percentage of first Mortgages on the Lots which is specified in the affected provision of Article XIII or Section 15.5 of the Declaration, respectively; provided that, if an amendment to these Bylaws materially affects matters delineated in both Article XIII and Section 15.5 of the Declaration or purports to amend this sentence, the amendment must be approved pursuant to the requirements of both said Article XIII and Section 15.5.

ARTICLE VIII

8. Mortgagees.

8.1. Notice to Association.

Upon the Association's request, a Member who mortgages his Lot shall notify the Association through the Manager, or through the Secretary if there is no Manager, of the name and address of his Mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Lots." Upon request, any such Member shall notify the Association of the release or discharge of any such Mortgage.

8.2. Notice of Unpaid Assessments.

The Board shall, at the request of a Mortgagee, report any unpaid assessments due from the Owner of such Lot, in accordance with the Declaration.

ARTICLE IX

9. Conflicting Provisions.

If any of these Bylaws conflict with any laws of the State of California, such conflicting Bylaws shall be void upon final court determination to such effect, but all other Bylaws shall remain in full force. In case of any conflict between the Articles and these Bylaws, the Articles shall control; and in case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X

10. Indemnification of Directors and Officers.

The Board may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine levied against, any present or former Association Director, officer, employee, or agent as provided in the Declaration.

ARTICLE XI

11. Miscellaneous.

11.1. Checks, Drafts and Documents.

All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Association must be signed or endorsed in the manner and by the person or persons the Board designates by resolution, subject to the requirements of Section 4.6 hereof for withdrawing money from the Association's reserve accounts.

11.2. Execution of Documents.

The Board may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent, committee member or employee may bind the Association by any contract or engagement or pledge its credit or render it liable for any purpose or in any amount.

11.3. Availability of Association Documents.

In addition to the rights afforded by the Declaration to Beneficiaries, insurers and guarantors of first Mortgages with regard to inspection of the Association's management documents, the Association shall maintain at its principal office (or at such other place within the Properties as the Board may prescribe) the Restrictions and the Association's books of account; minutes of meetings of Members, the Board and Board committees; and the Membership Register (collectively, the "Association Documents"), each of which shall be made available for inspection and copying by any Member or the Member's duly appointed representative for a purpose reasonably related to the Member's interest as a Member. The Board shall establish reasonable rules regarding (a) notice to be given to the custodian of the Association Documents by the Member desiring to make the

inspection, (b) hours and days of the week when such an inspection may be made, and (c) payment of the cost of copying any of the Association Documents requested by a Member; provided that every Director may at any reasonable time inspect all Association Documents and the physical properties owned or controlled by the Association, and make extracts and copies of documents. The minutes, minutes that are proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board (other than an executive session) must be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes or summary minutes must be distributed to any Member upon request and upon reimbursement of the Association's cost in making that distribution. Members must be notified in writing at the time that the budget required in Section 4.6(a) hereof is distributed or at the time of any general mailing to the entire Association membership of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained. No later than ten (10) days after the Association receives written request from any Member, the Association shall provide to that Member a copy of each of the documents listed in California Civil Code Section 1368(a) that have been requested by the Member. The Association may charge a fee for this service not exceeding the Association's reasonable cost to prepare and reproduce the requested documents.

11.4. Fiscal Year.

The Board shall determine the Association's Fiscal Year. The Fiscal Year is subject to change as the Board determines.

ARTICLE XII

12. Notice and Hearing Procedure.

12.1. Suspension of Privileges.

If an alleged violation of the Restrictions occurs, and after written notice of such alleged violation is delivered personally or mailed to the Member or any agent of the Member ("respondent") alleged to have committed the violation in the manner herein provided, by first-class mail or by certified mail return receipt requested, or both, the Board may, after affording the respondent an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all Directors on the Board, take any one or more of the following actions: (a) levy a Special Assessment as provided in the Declaration; (b) suspend or condition the respondent's right to use any recreational facilities the Association owns, operates or maintains; (c) suspend the respondent's voting privileges as a Member, as provided in the Declaration; (d) enter upon a Lot to make necessary repairs or perform maintenance which, according to the Declaration, is the responsibility of the respondent; or (e) record a notice of noncompliance (if permitted by law) encumbering the respondent's Lot. Any such suspension may not be for a period of more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The Board's failure to enforce the Restrictions does not waive the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws are cumulative and not exclusive. However, any individual Member must exhaust all available internal Association remedies prescribed by the Restrictions before that Member may resort to a court of law for relief with respect to any alleged violation of the Restrictions by another Member. The foregoing limitation pertaining to exhausting internal remedies does not apply to the Board or to any Member where the complaint alleges nonpayment of Annual Assessments, Special Assessments, Capital Improvement Assessments or Reconstruction Assessments.

12.2. Written Complaint.

A hearing to determine whether a right or privilege of the respondent under the Declaration or these Bylaws should be suspended or conditioned, or whether a Special Assessment should be levied, shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board with the President or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged and a reference to the specific provisions of the Restrictions which the respondent is alleged to have violated. A copy of the Complaint must be delivered to the respondent in accordance with the notice procedures set forth in the Declaration, together with a statement substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15)

days after the Complaint, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address:

_____. You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact _____."

The respondent is entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board. The respondent may file a separate statement by way of mitigation even if he does not file a Notice of Defense.

12.3. Notice of Hearing.

The Board shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The Board shall conduct the hearing no sooner than thirty (30) days after the Complaint is mailed or delivered to the respondent as provided in Section 12.2. The notice to the respondent must be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of the _____ Association at _____ on the _____ day of _____, 200_, at the hour of _____, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

12.4. Hearing.

The Board shall conduct the hearing in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction

hereunder, proof of notice and the invitation to be heard must be placed in the minutes of the meeting. Such proof is adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or Director who mailed or delivered such notice. The notice requirement is satisfied if the respondent appears at the meeting. The minutes of the meeting must contain a written statement of the results of the hearing and the sanction, if any, imposed. No action against the respondent arising from the alleged violation may take effect prior to five (5) days after the hearing.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of WOODRIDGE COMMUNITY ASSOCIATION, a California nonprofit corporation ("Association"); and
2. The foregoing Bylaws, comprising 28 pages including this page, constitute the Bylaws of the Association duly adopted by Consent of Directors in Lieu of First Meeting dated January 13, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this 13th day of January, 2000.


Dale Blanchard, Secretary

(SEAL)

EXHIBIT "C"

LEGAL DESCRIPTION OF ANNEXABLE TERRITORY

PARCEL 1

Tract No. 5040-1, as shown on a Subdivision Map recorded in Book 138, Pages 54 to 69, inclusive, of Maps, in the Office of the Ventura County Recorder, excepting Phase 1 therefrom.

PARCEL 2

Tract No. 5040-2, as shown on a Subdivision Map recorded in Book 138, Pages 85 to 92, inclusive, of Maps, in the Office of the Ventura County Recorder.

PARCEL 3

Tract No. 5040-3, as shown on a Subdivision Map recorded in Book 138, Pages 93 to 98, inclusive, of Maps, in the Office of the Ventura County Recorder.

PARCEL 4

Tract No. 5040-4, as shown on a Subdivision Map recorded in Book 138, Pages 99 to 102, inclusive, of Maps, in the Office of the Ventura County Recorder.

EXHIBIT "D"

DRAWINGS SHOWING LOCATION OF
ASSOCIATION MAINTENANCE AREAS IN PHASE 1

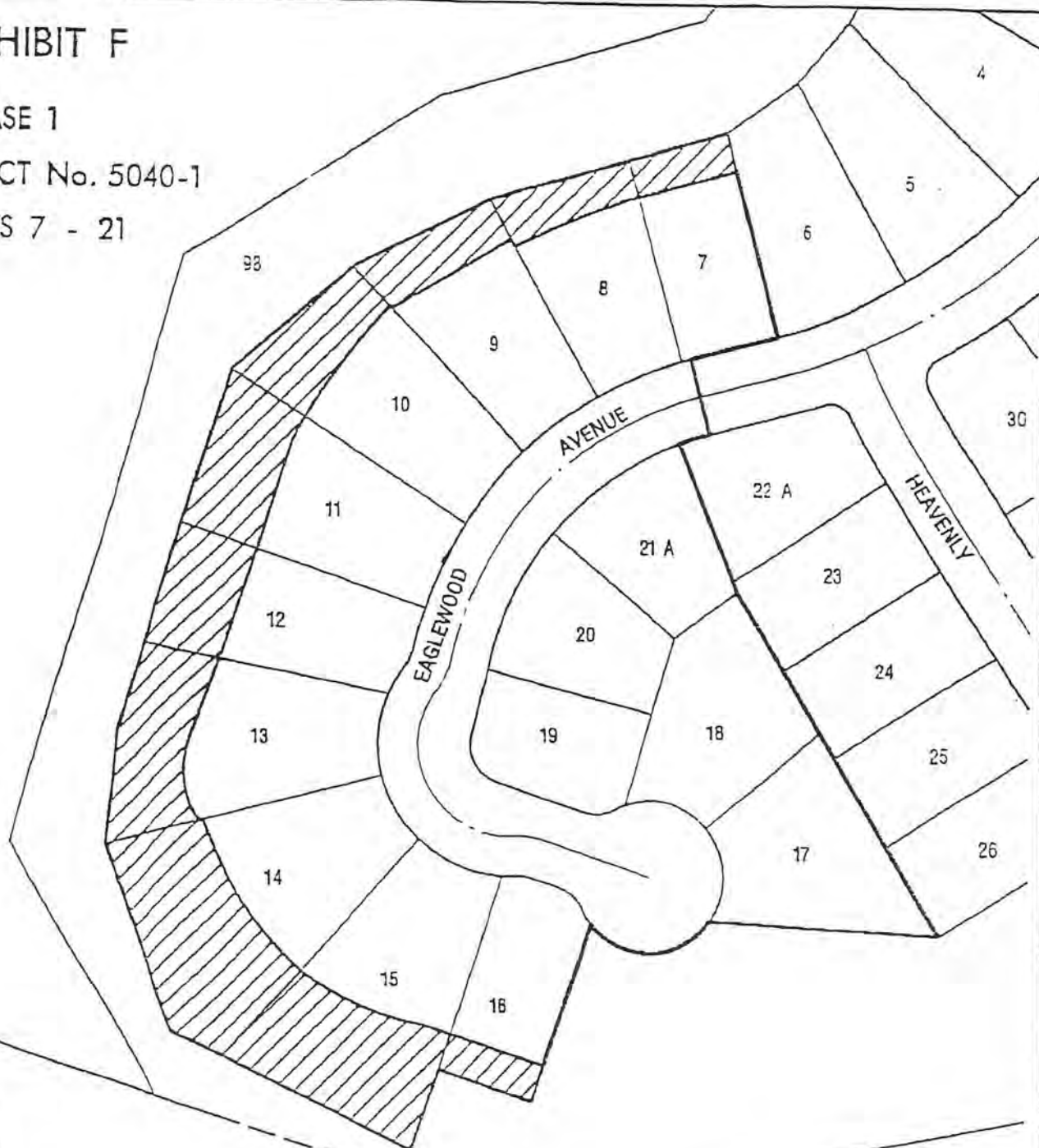
NONE

EXHIBIT F

PHASE 1

TRACT No. 5040-1

LOTS 7 - 21



5/17/00

SCALE: 1" = 100'

100 75 50 25 0 100

LEGEND:



= FUEL MODIFICATION ZONE WITHIN PHASE 1



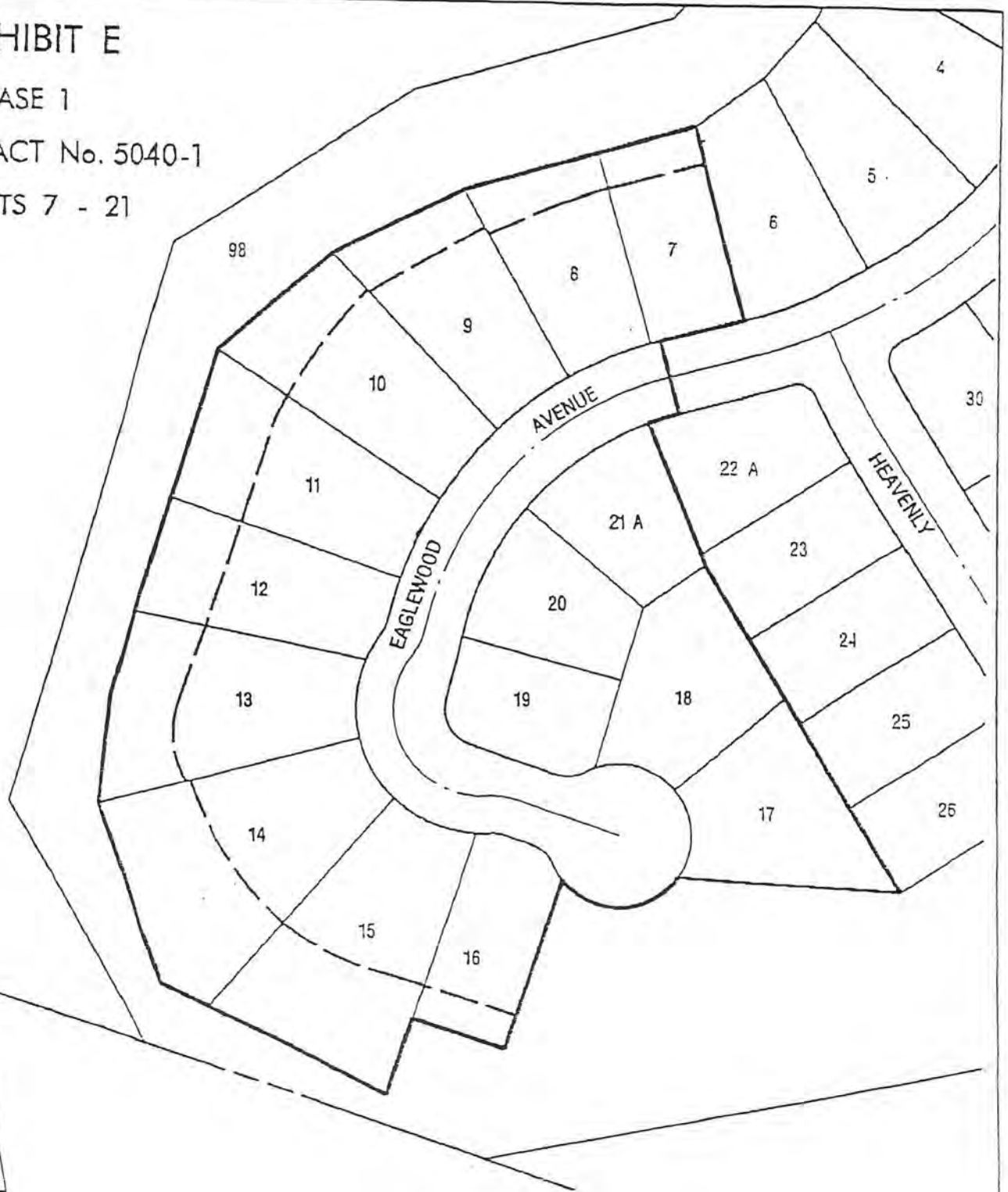
PREPARED BY:
VTN WEST, INC.
8634 VALJEAN AVENUE
VAN NUYS, CA. 91405
818/775-8740/60-FAX

EXHIBIT E

PHASE 1

TRACT No. 5040-1

LOTS 7 - 21



5/17/00

SCALE: 1" = 100'

100 75 50 25 0 100

LEGEND:

--- WROUGHT IRON FENCE AND/OR WALL



PREPARED BY:
VTN WEST, INC.
6834 VALJEAN AVENUE
VAN NUYS, CA. 91406
818/779-8740/50-FAX

EXHIBIT "G"

LOCATION OF CALLEGUAS MUNICIPAL WATER DISTRICT RESERVOIR

Calleguas Municipal Water District Reservoir is located on Lot 160 of Tract No. 5040-2, as shown on Subdivision Map recorded in Book 138, pages 85 to 92, inclusive, of Maps in the Office of the Ventura County Recorder.

EXHIBIT "H"

WALL/FENCE TREATMENT

Walls and fences in the Properties shall be constructed and maintained in accordance with Article IX of the Declaration and the following requirements:

(a) Interior Garden Walls/Fences. Garden walls and fences built entirely on an Owner's Lot shall not exceed six (6) feet in height and shall be constructed of decorative masonry or wrought iron materials as specified in the architectural standards established by the ARC.

(b) Perimeter Wall and Party Walls. The Perimeter Wall surrounding the Properties shall be maintained by adjacent Owners as a continuous six (6) foot high decorative wrought iron fence with masonry pilasters. Owners may maintain Party Walls on their Lots as originally constructed by Declarant, or, if there will be no reduction in visual privacy, they may reconstruct the Party Walls with decorative masonry material and decorative caps specified in the architectural standards established by the ARC. Party Walls shall not exceed six (6) feet in height.

Final detail drawings reflecting design, material selections, locations and any locking devices shall be reviewed and approved by the ARC and, prior to issuance of any building permit, submitted for review and approval by the City's Departments of Public Works and Planning and Community Development and the Police Department.

EXHIBIT "I"

**DRAWINGS SHOWING LOCATION OF
LANDSCAPE MAINTENANCE AREAS IN PHASE 1**

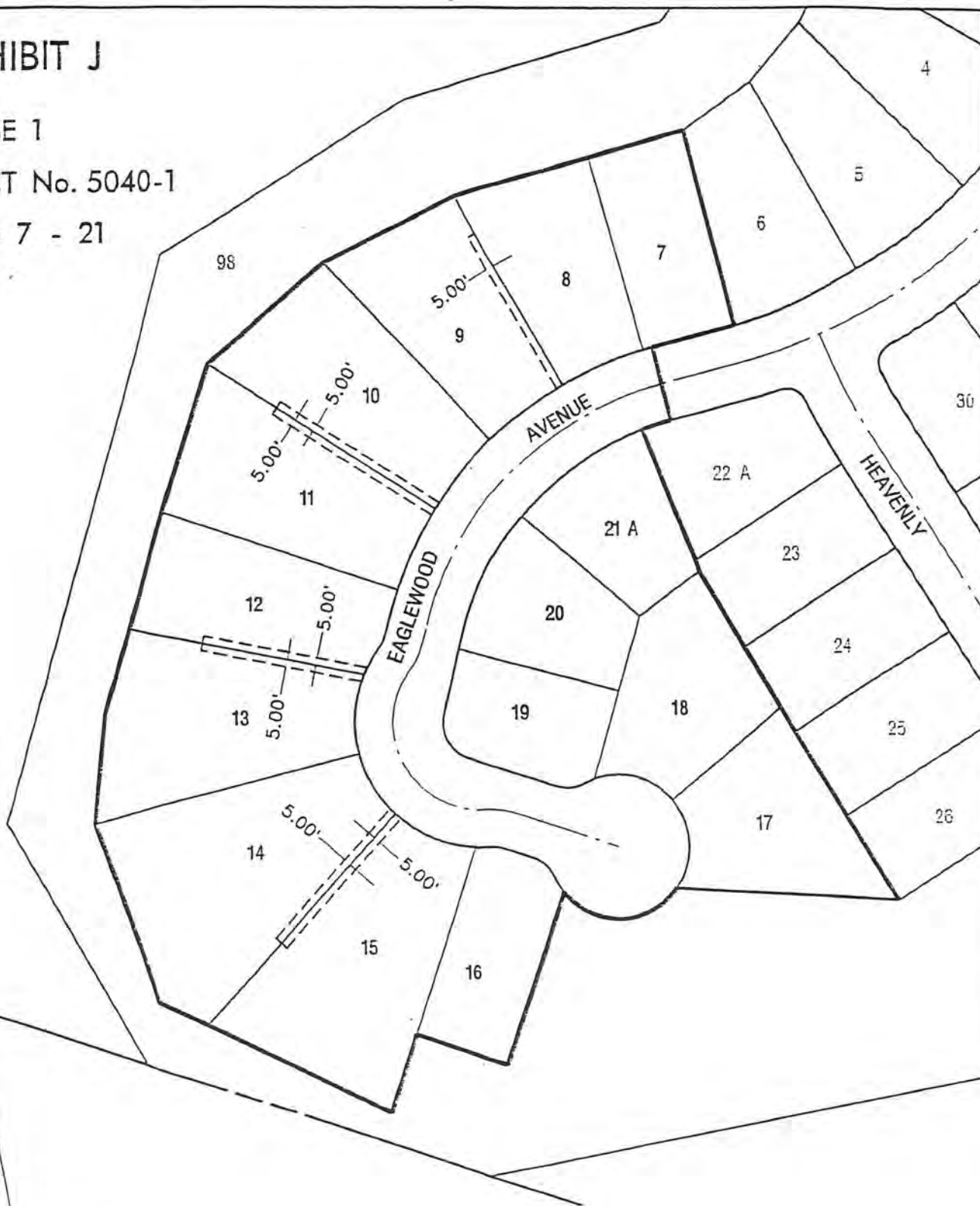
NONE IN PHASE 1

EXHIBIT J

PHASE 1

TRACT No. 5040-1

LOTS 7 - 21



5/17/00

SCALE: 1" = 100'

100 75 50 25 0 100

LEGEND:

--- = EASEMENT FOR STORM DRAIN MAINTENANCE



PREPARED BY:
VTN WEST, INC.
6634 VALJEAN AVENUE
VAN NUYS, CA 91406
818/779-8740/50-FAX

EXHIBIT "K"

SINGLE STORY LOTS IN PHASE 1

Lots 7, 11, 16 and 19 of Tract 5040-1. as per Map recorded June 29, 1999, in Book 138, Pages 54 to 69, inclusive, of Maps in the Office of the Ventura County Recorder.